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July 2022 Economic Review and Revenue Forecast Update Virtual Version

Prepared for the
State of Vermont
Emergency Board and
Legislative Joint Fiscal Office

July 28, 2022

Economic Review and Revenue Forecast Update

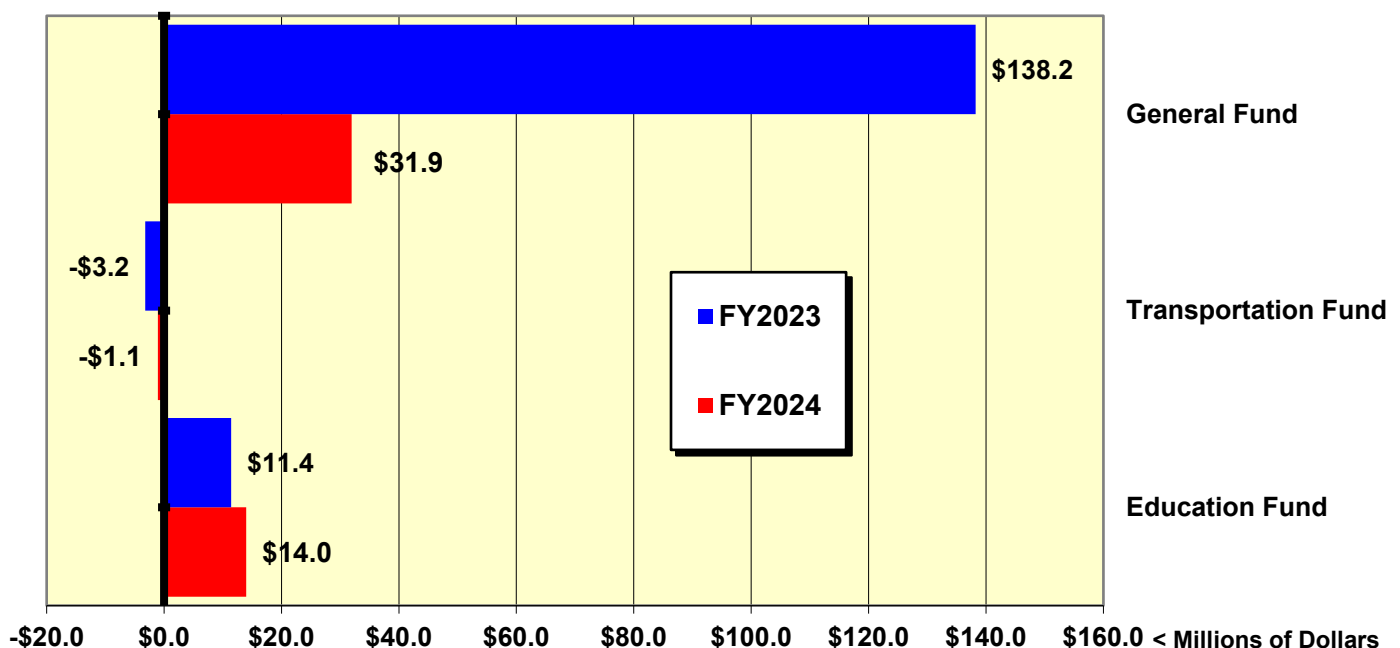
July 2022

Overview

With one foot still on the gas and the other now slamming on the brakes, federal fiscal and monetary policies are generating opposing forces that will both confuse and control the economic environment affecting the State economy and revenue flows in the coming years. While direct pandemic health effects have receded from prominence, their legacy of vast federal spending, shifting consumer preferences, supply chain disruptions and reduced labor force participation continue to resonate loudly. With viral mutations continuing and geo-political instability from war in Europe added to the mix, the outlook continues to be extremely volatile and unpredictable.

Despite all the current risk, FY22 revenues soared on the flows of the more than \$10 billion in Federal spending which have been swelling through the State economy since early in the pandemic. They have lifted taxes of all kinds, but especially income and consumption taxes, which are the largest sources of State revenue. Stunning FY22 gains in Personal Income and Corporate revenues added nearly \$300M in revenues above already impressive FY21 levels, as total General Fund revenue topped \$2B. While downside risks abound, even with dramatically slowing economic growth in FY23 and FY24, revenues could remain at historically high levels. Given the heightened level of uncertainty, interim quarterly revenue updates should be considered if external conditions appreciably worsen in FY23.

Recommended Net Revenue Changes from January 2022 Forecasts



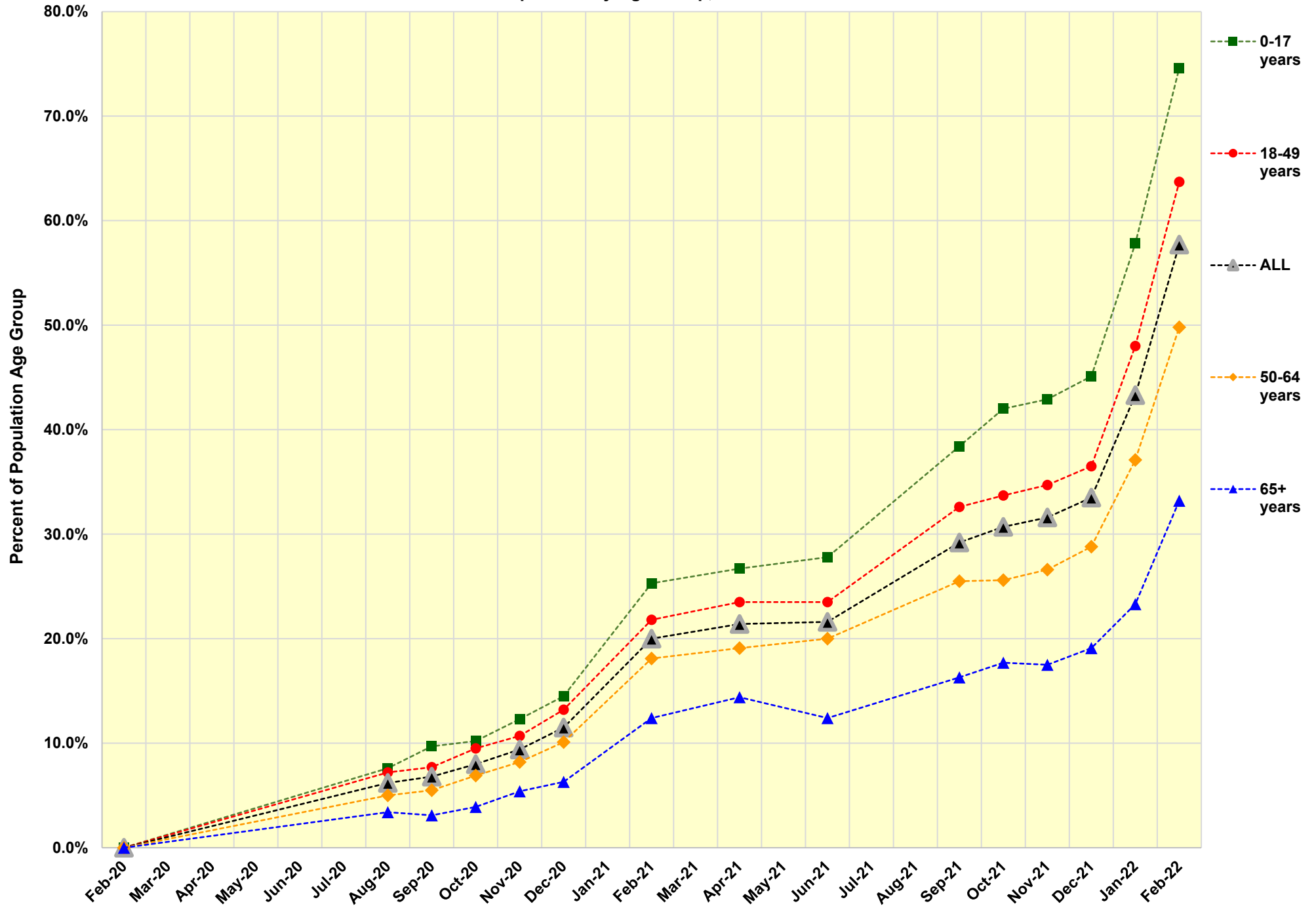
Epidemiological Update

- Despite the growing absence of masks at indoor events, social distancing and healthcare system worries, the pandemic is not over. Although its direct health and economic effects have been greatly diminished through vaccinations and herd exposure to infection, new variants regularly emerge and it bears repeating that there is nothing in evolutionary biology that guarantees future variants will be less deadly or impactful than previous ones. Per the chart on the following page, the CDC estimates that following the Omicron variant surge, most Americans have now contracted a SARs-CoV-2 infection. Through February of 2022, nearly 60% of the total population and almost 75% of all children under the age of 17 have been infected. These figures are likely to have grown significantly higher in period since February. Some believe that the elevated percentages of previous infection may also mean fewer cases of life-threatening illness or death relative to future infections. Time will tell.
- The current Omicron subvariant of dominance is BA.5, which is highly contagious but with less severe health impacts than its ancestors. Compared to prior waves, Omicron-related infection spikes have not generated comparable hospitalization or death rates. Although it has been far less disruptive to the U.S. economy than previous variants, it is still responsible for U.S. work illness absences that are 55% above normal (see chart on page 4) and has repeatedly shut down large regions in China and elsewhere, severely constricting already strained supply chains. The current forecast assumption is that the U.S. and State economies will be better able to weather successive COVID variants with less functional disruption and economic loss than early variants. Although the Omicron-variant surges now appear to be consistent with this assumption, there are some economic effects that have persisted.
- Two such effects are the persistence of remote work and decreased U.S. life expectancy. Remote work has been embraced by many businesses and employees with relatively high productivity effects and is increasingly accepted as a normal working option in some professions. This has benefitted more remote geographic locations, such as Vermont, relative to large urban areas. Recent Census data show not only significantly more population growth in Vermont in the intercensal decade between 2010 and 2020, but also even stronger growth in 2021. After growing by an annual average of more than 1,600 persons per year in the last decade, in 2021, growth exceeded 3,000 persons – via exceptionally strong in-migration.
- U.S. life expectancy, already the lowest among comparable developed nations, fell more than others during the first year of the pandemic, dropping from 78.8 years in 2019 to 77.0 in 2020. In Vermont, preliminary age-specific Census releases showed a rare decline in the population age 85+ between 2020 and 2021. The number of people age 85 and older in Vermont is now below the original 2011 intercensal estimate and only 2.3% above 2010 Census-based estimates. Declining life expectancy and the large wealth gains made by most households during the pandemic are part of the reason labor force participation rates have persisted despite an intense demand for workers and rising wages.

Herd Exposure: Most Americans Have Now Contracted COVID

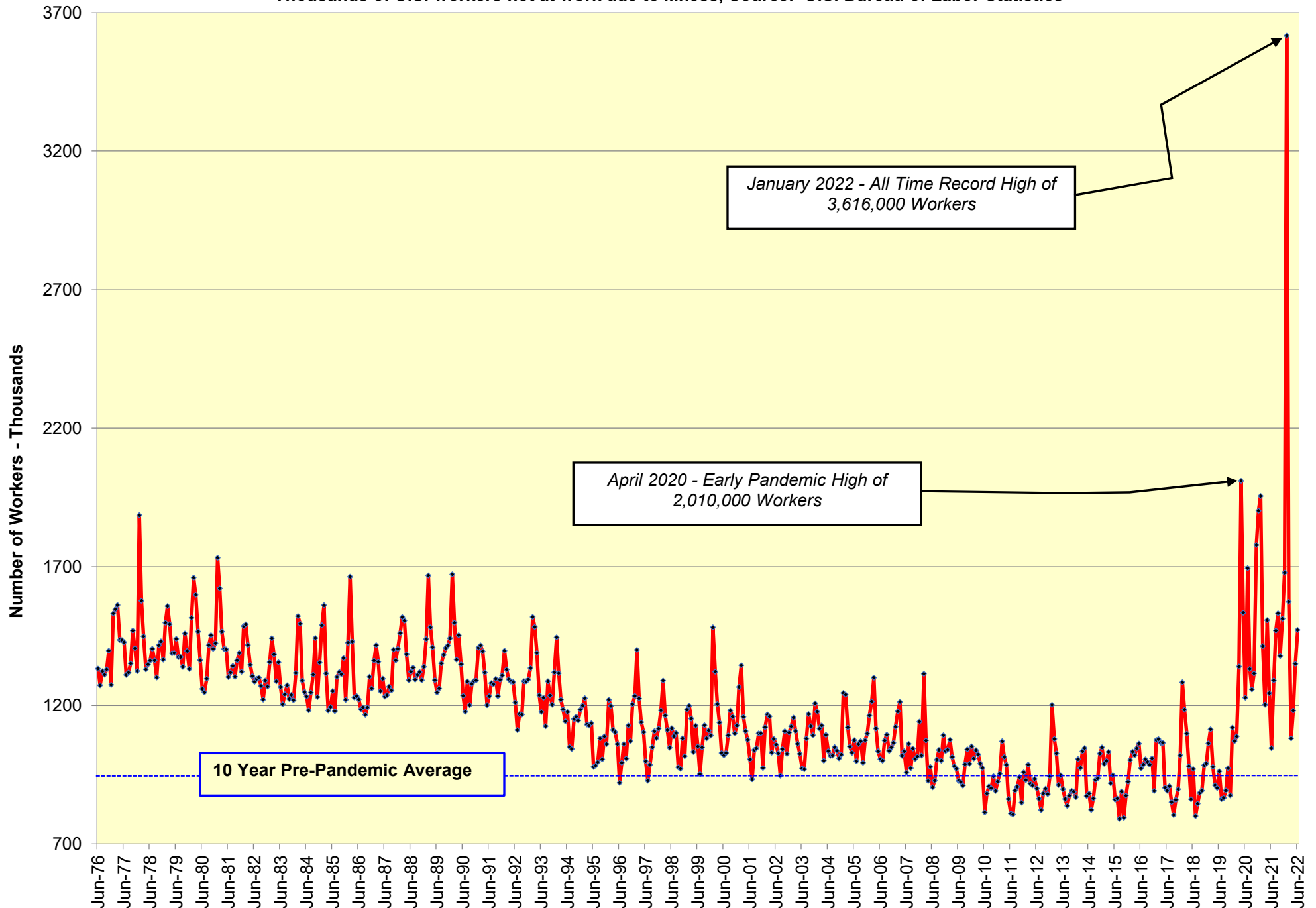
Seroprevalence of Infection-Induced SARS-CoV-2 Antibodies

Share of Population by Age Group, Source: CDC



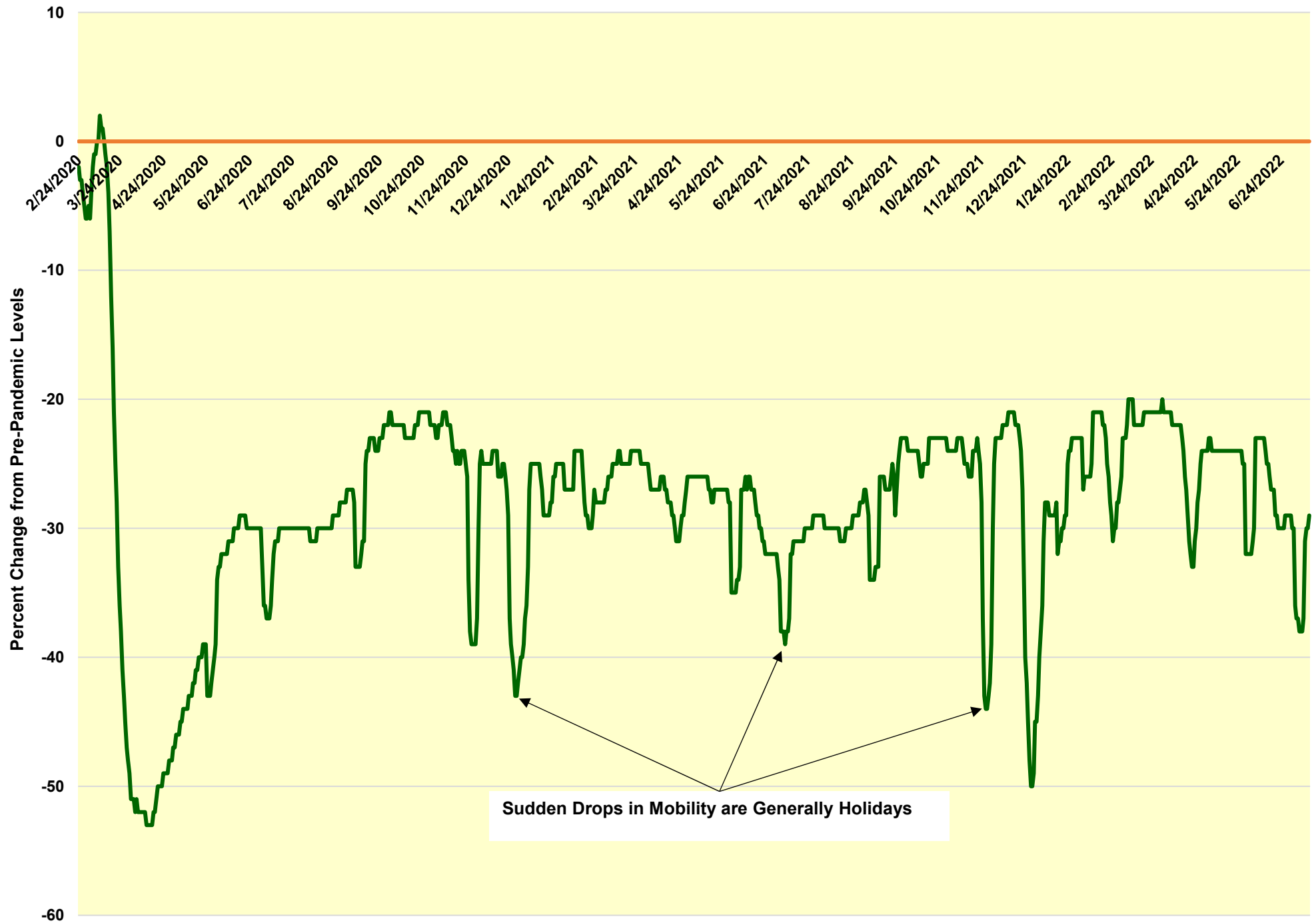
Over? Not Yet... Work Absences Due to Illness Hit New High in January And Remain 55% Above Pre-Pandemic Levels as of June 2022

Thousands of U.S. workers not at work due to illness, Source: U.S. Bureau of Labor Statistics



Mobility Data Show Remote Work Persistence in Vermont

Source: Google Mobility Data to Place of Work, Vermont, Percent Change from Pre-Pandemic Levels



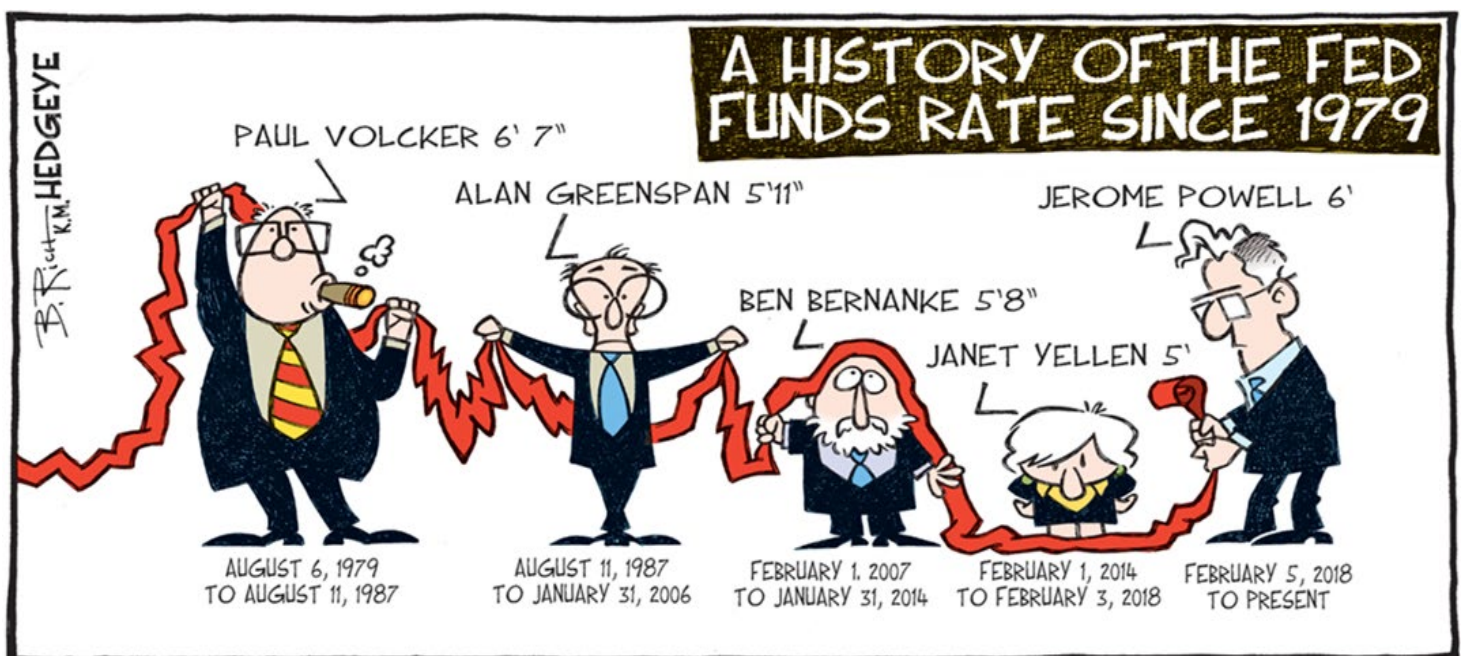
Economic, Fiscal and Monetary Policy Update

- With inflation surging and more deeply embedded with each passing month, the Fed is moving with escalating force to slow the economy and thereby reduce demand to levels that can be met by supply – a so-called cyclical “soft-landing.” The problem is, however, that the tools with which the Fed has to slow demand: 1) Work in disparate, inefficient and unfair ways throughout the economy; 2) Have uncertain and long lags between policy implementation and intended results; 3) Do nothing to alleviate supply issues affecting inflation that are largely related to the pandemic; and 4) May be delayed in effect and/or offset in part by massive prior Federal fiscal policies designed to mitigate the impacts of the pandemic that are still extant and flowing through the economy. This lattermost condition could ultimately cause the Fed to hike rates much longer and/or more aggressively, posing the greatest risk of recession. This risk, and its connection to the primacy of containing inflation at all costs, was underscored in the below testimony by Fed Chair Powell.

“Is there a risk we would go too far? Certainly there’s a risk. The bigger mistake to make—let’s put it that way—would be to fail to restore price stability.”

— Fed Chairman Jerome Powell, in testimony to Congress, June 29, 2022

- The current macro-economic forecast underlying these revenue projections assumes a “soft-landing” to be possible, with a marked slowing in economic growth in both FY23 and FY24. Odds of a recession however, remain extremely high and are growing. A Wall Street Journal panel of academic, business and financial economists currently put the chance of a recession in the next 12 months at 49%, similar to a level reached in early 2008 at the onset of the Great Recession (chart on page 27). If conditions continue to worsen, quarterly interim economic and revenue adjustments may be prudent in FY23.



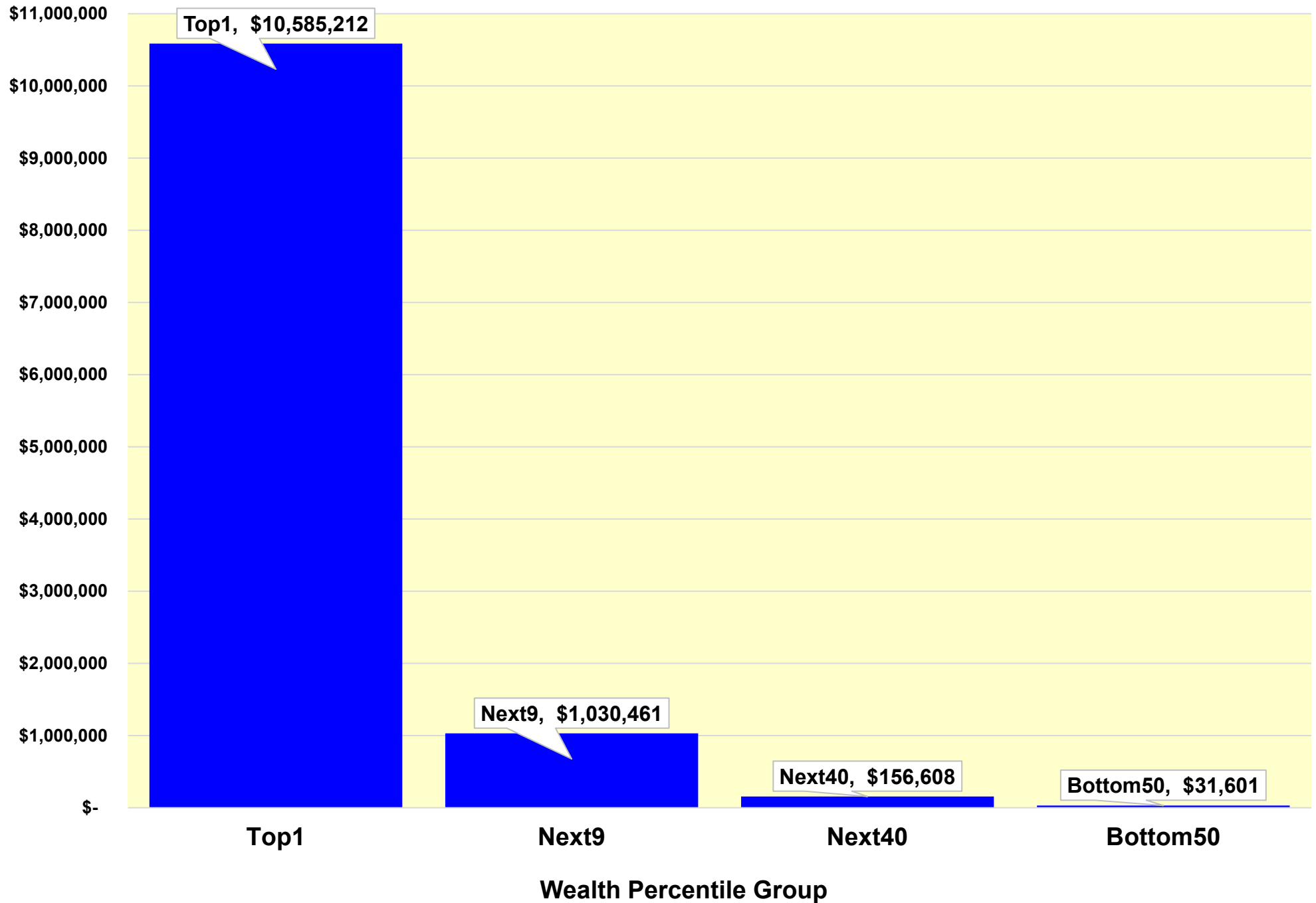
- In the meantime, the effects of prior fiscal and monetary pandemic stimulus policies continue to affect the economy. While new deficit spending has not been initiated since the January forecast, vast stores of saved and unspent stimulus remain, representing potential future purchases and demand. Soaring asset prices and reduced debt has also strengthened household and business balance sheets as net worth swelled to record levels over the past two years. This wealth along with high cash and cash equivalent holdings give the economy a cushion against initial recessionary impacts, but are also a part of the reason the Fed may need to tighten even harder to slow demand. Of note, the greatest average household growth in net worth during the past two pandemic-affected years has been the bottom 50th percentile of wealth (+107.6%) and the top 1% (+43.5%). In the former group, net worth grew from just under \$30,000 in the first quarter of 2020 to more than \$60,000 in the first quarter of 2022 and grew from 1.8% of total net worth to 2.8% - still well below its peak of 4.3% in 1992. Over the same period, average household net worth for the top 1% grew from \$24.3 million to \$34.9 million, and increased its share of total net worth from 29.7% to 31.8%.

Change in Household Net Worth: Pre-Pandemic to 2022Q1						
By Wealth Percentile Group						
Wealth Percentile Group		Top1	Next9	Next40	Bottom50	Total
	(\$ Nominal)					
Average HH Net Worth	2020:Q1	\$ 24,330,979	\$ 3,517,777	\$ 612,981	\$ 29,377	819,791
Average HH Net Worth	2022:Q1	\$ 34,916,191	\$ 4,548,238	\$ 769,589	\$ 60,978	1,096,828
Average HH Net Worth	%CH	43.5%	29.3%	25.5%	107.6%	33.8%
Average HH Net Worth	\$CH	\$ 10,585,212	\$ 1,030,461	\$ 156,608	\$ 31,601	\$ 277,037
	(% Percent)					
Percent Share of Net Worth	2020:Q1	29.7	38.6	29.9	1.8	100.0
Percent Share of Net Worth	2022:Q1	31.8	37.3	28.1	2.8	100.0
	(\$ Millions)					
Total Net Worth	2020:Q1	\$ 30,864,504	\$ 40,161,553	\$ 31,103,298	\$ 1,863,306	\$ 103,992,661
Total Net Worth	2022:Q1	\$ 44,920,169	\$ 52,662,333	\$ 39,603,472	\$ 3,922,475	\$ 141,108,449
Total Net Worth	%CH	45.5%	31.1%	27.3%	110.5%	35.7%
Total Net Worth	\$CH	\$ 14,055,665	\$ 12,500,780	\$ 8,500,174	\$ 2,059,169	\$ 37,115,788
Source: Federal Reserve Board, Distribution of Household Wealth in the U.S since 1989, and U.S. Census Bureau						

- Labor markets remain extremely tight, as job openings continue to exceed the number of unemployed persons, quit rates remain high and layoffs, low. U.S. payroll employment growth remains solid, with 372,000 jobs added in June. While total U.S. employment is still shy of its pre-pandemic peak in February of 2020 by 0.3%, total private employment in June topped its pre-pandemic level for the first time. No New England state has yet to reach pre-pandemic employment levels. Vermont continues to trail all other NE states with payroll employment still more than 5% below its January/February 2020 peak.
- The U.S. unemployment rate held steady at 3.6% in June, while Vermont dropped to 2.2% - the fifth lowest rate in the nation and one of its lowest levels

Change in Average Household Net Worth Between 2020Q1 and 2022Q1 by Wealth Percentile Group

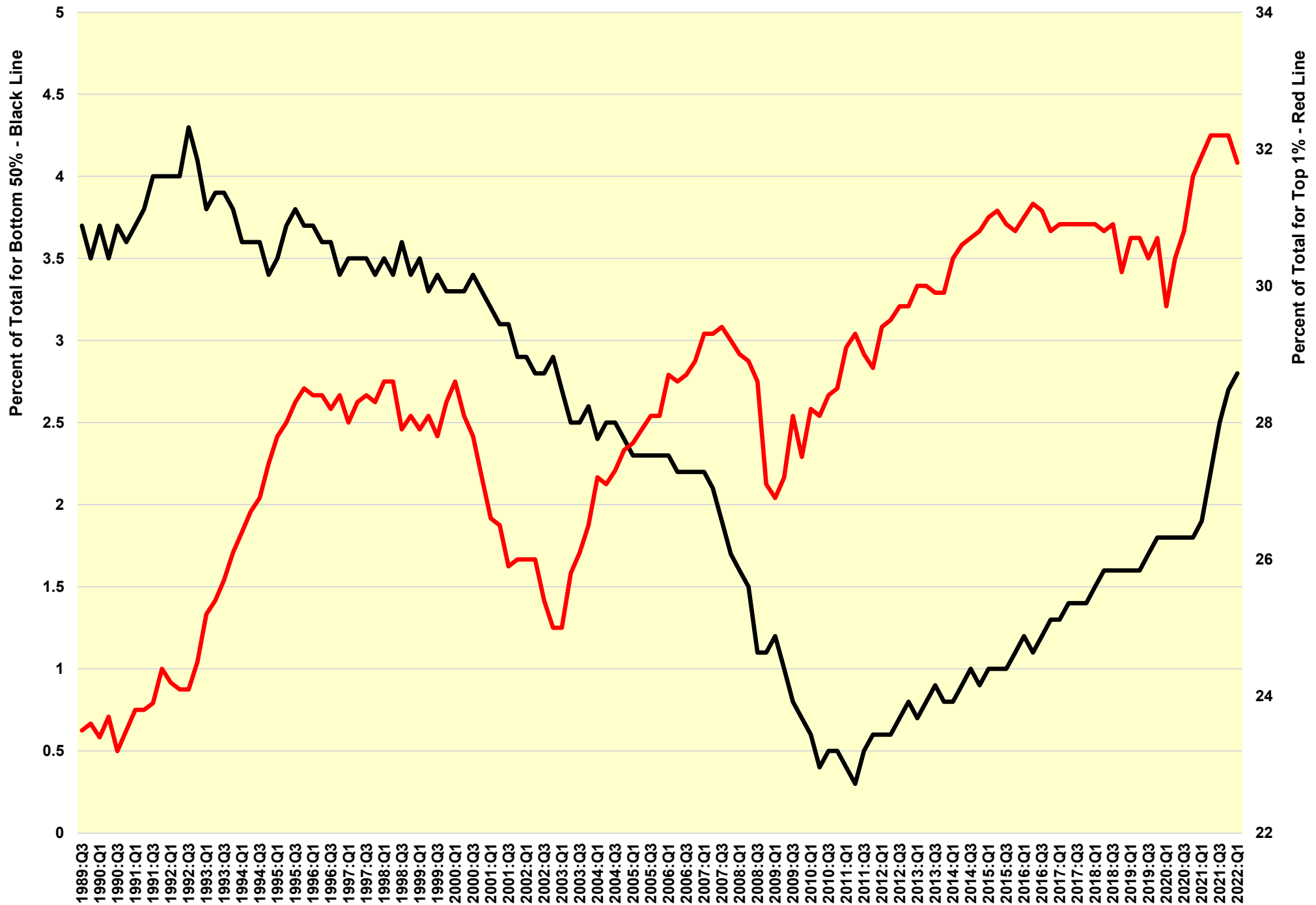
Source: Federal Reserve Board, Distribution of Household Wealth in the U.S since 1989



Pandemic Disproportionately Benefitted Net Worth of Top and Bottom Household Groups

Shares of Net Worth for the Bottom 50% (Black Line Left Scale) and Top 1% (Red Line Right Scale) of All U.S. Households

Source: Federal Reserve Board, Distributional Financia



ever. The only period in Vermont history with a lower unemployment rate was in March-May of 2019.

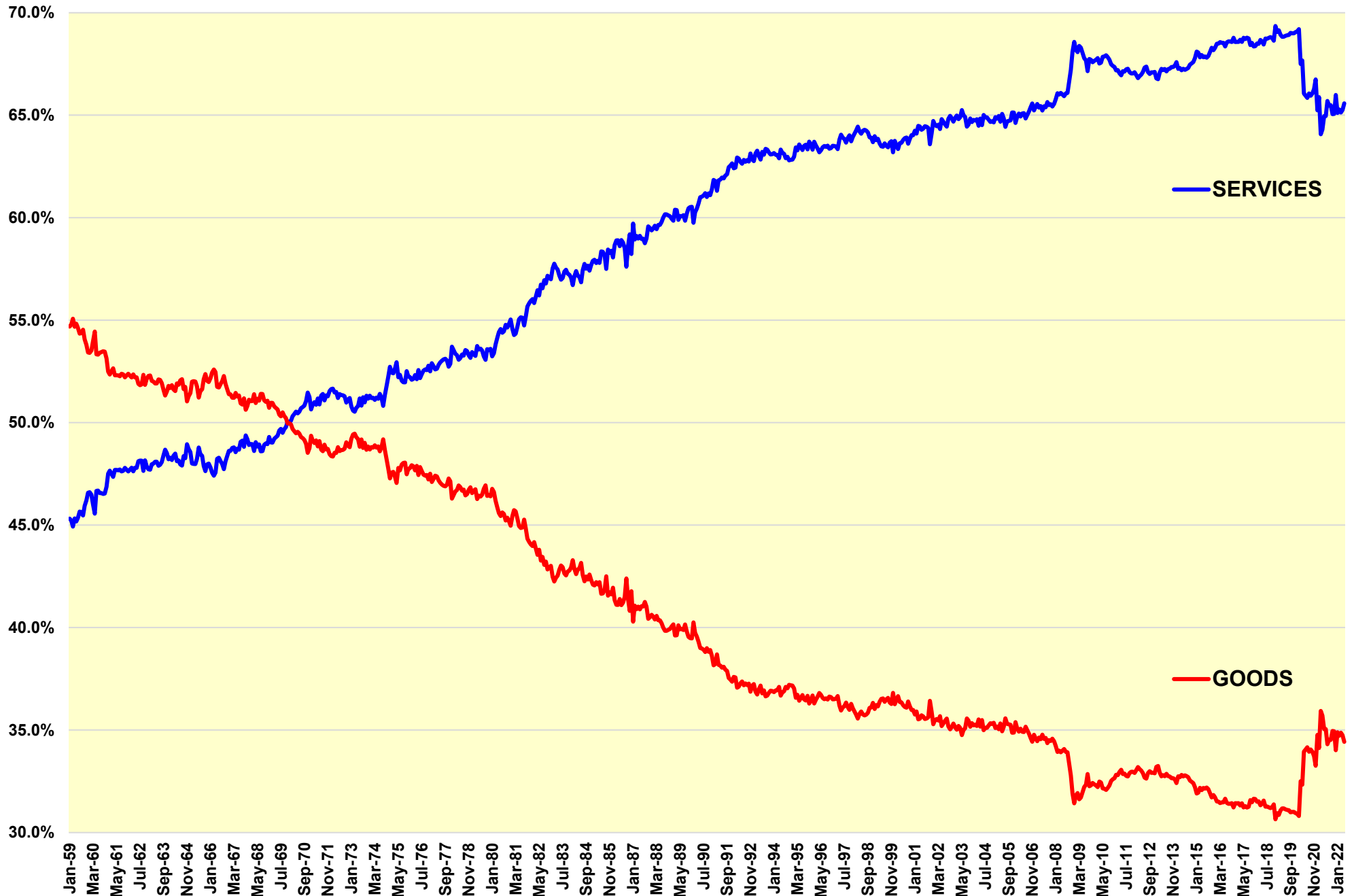
- Much of the extreme acceleration in inflation has been due to spiking energy and food prices related to the Russian invasion of Ukraine. The Russian blockade of Ukrainian grain exports and disruptions to agricultural production have impacted food prices across the globe and the coordinated sanctions applied against Russia by many nations has caused chaos in energy markets – especially in Europe. Coinciding with strong post-pandemic fuel demand, fragile gasoline and diesel refinery production, and concentrated supply ownership, both oil and natural gas prices have soared. While new supply may eventually come on line to replace some Russian supply and demand could subside during a recessionary period, the conflict creates considerable additional uncertainty to any economic forecast.
- Some of the acceleration in price growth has been due to rapid and extreme swings in demand during various phases of the pandemic. As shown in the charts on pages 11-12, there was a seismic shift in consumer demand for goods and a comparable reduction in demand for services during the early phases of the pandemic, creating extraordinary market disruptions. Prices for shipping and commodity inputs to goods production rose by multiples of 2x-6x, fluctuating wildly as supply chains struggled to meet demand. Now, as demand for goods subsides, many retailers have been left with bloated inventories, while spiking demand for leisure and hospitality services is leaving this sector hard pressed to find workers, even with hefty wage and price increases.
- State real estate markets have seen record price appreciation during the last three consecutive quarters, topping 17% year-over year growth in each quarter (see page 35). As interest rates rise, prices should moderate, but the absence of excess supply will temper price declines and provide a shorter recovery period. If prices do not moderate soon, further double-digit price increases will result in a significantly steeper and longer downturn. How the pandemic ultimately affects the persistence of elevated in-migration and second home ownership could reshape and extend the current real estate cycle.

State Revenue Update

- Total revenues across all three funds in FY22 soared to more than \$3 billion, 8.1% above expectations. Largely on the strength of colossal gains in both personal and corporate income tax receipts, the General Fund was up 12.2%. The Transportation Fund was the only fund to finish the year below target, missing by 2.8%, as high fuel prices and severely limited vehicle production reduced revenues. The Education Fund finished slightly above target (+1.3%), as Sales & Use tax strength offset weakness in allocated MVP&U and Lottery receipts.
- Personal Income tax receipts posted phenomenal growth in FY22, representing most of the above-target revenue experienced in the General Fund. While we

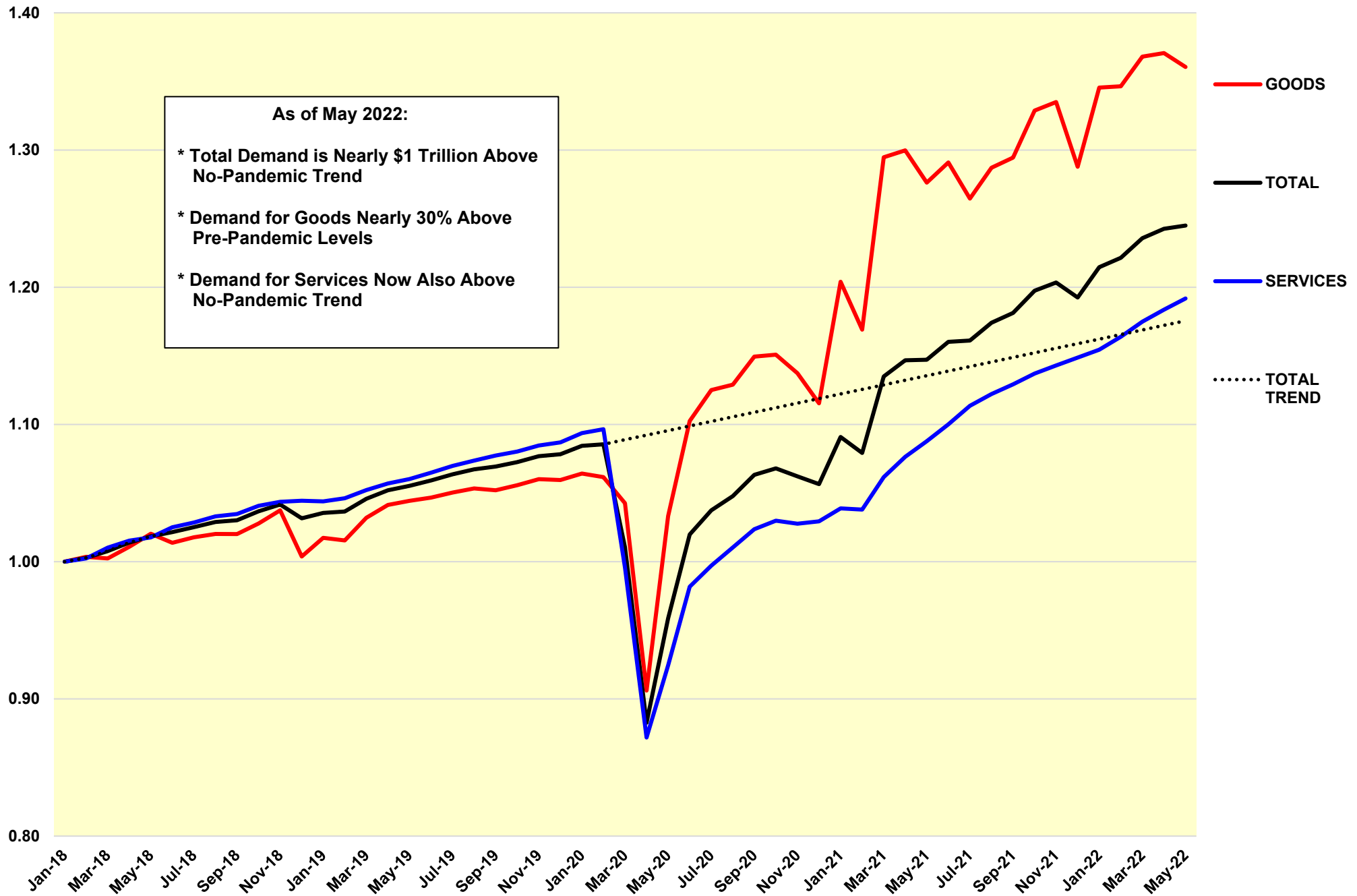
Seismic Shift in Shares of U.S Consumption Wreak Havoc With Supply Chains

(Shares of U.S. Personal Consumption Expenditures for Goods vs. Services, Source: U.S. BEA)



Recipe for Inflation: Demand for Goods Explodes, While the Pandemic Kneecaps Supply

(Personal Consumption Expenditures and Components Indexed to January 2018=1.00, SAAR, Source: BEA)



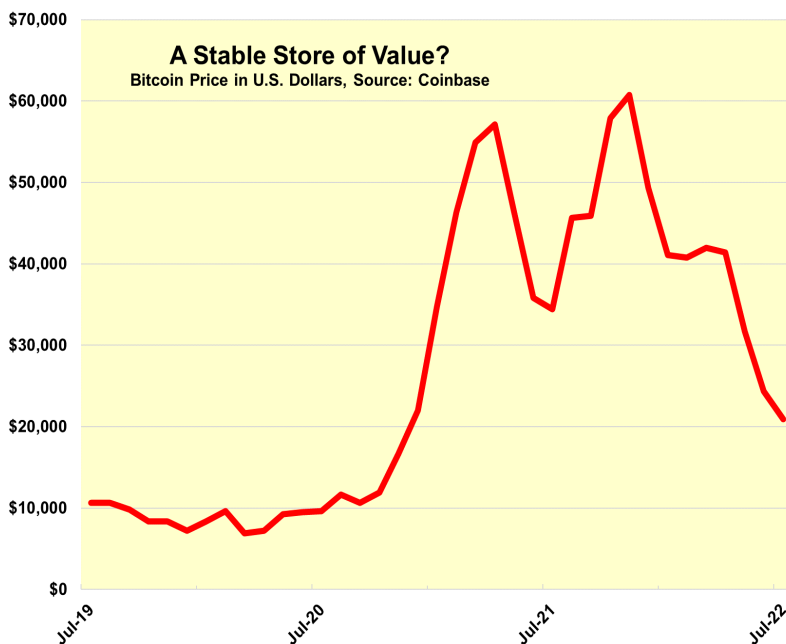
are still analyzing tax year 2021 data – some of which will not be available until November of this year – it appears that despite a great deal of income from higher AGI groups, there were gains across the board. With asset prices surging throughout many investment classes, taxable gains will likely be a big part of this. One source of taxable gains that may be missing are what the IRS refers to as “virtual currencies,” better known as crypto-currencies (see next page). As equity markets and many other asset prices decline in tax year 2022, FY23 PI revenues will be affected. Elevated refunding activity is also likely in both FY23 and FY24, as the economy slows and lagging estimated payments overshoot liabilities.

- Corporate income tax revenue closed FY22 at an astonishing \$223.3 million, 67.3% above FY22 levels and about 25% above expectations. The surge in revenues was widespread and reflected the pricing power of many corporate entities in an inflationary environment. U.S. corporate profits have now grown 51% over the past 7 quarters, though year-over-year growth has slowed from 45% in the second quarter of 2021 to 13% in the first quarter of this year. As the economy slows, profit growth will be much harder to come by and high estimated payments will likely begin to boomerang in FY23 and FY24 with sharp increases in refunding. Despite expected revenue declines in both years, Corporate income will still be more than 20% above FY21 levels in FY24.
- Meals & Rooms tax revenue in FY22 bounced back to levels that were 4.4% *higher than projected prior to the pandemic (as forecast in January of 2020)*. This full recovery has been fueled by subsiding fears of pandemic risk, enormous pent-up demand for travel and ample financial capacity to spend. With continued air travel disruptions and easy driving distances to Vermont from major metropolitan areas, tourism visitation flourished last year. Unless interrupted by a new and more deadly variant, tourism spending should continue to support solid future growth throughout the forecast period.
- Strong growth in Insurance Premiums and Captive Insurance receipts propelled total Insurance revenues to a record \$65.7 million in FY22, 8.7% above FY21. Despite growing competition from other states and countries, Vermont has managed to maintain a leadership role in the captive industry for more than 40 years, providing more than \$25 million to the General Fund in FY22.
- Source General Fund Property Transfer tax revenues rose to a record \$77.7 million in FY22, about 4.5% above expectations. Despite limited properties for sale, huge price increases in the last year supported the strong PTT revenue showing. With interest rates rising over the next two years, property transactions will slow and prices are likely to moderate, resulting in declining revenues in both FY23 and FY24. The current absence of overbuilding, however, should support resumed growth towards the end of the 5-year forecast horizon. PTT revenues allocated to the Available General Fund are less than a third of the Source revenue, but still contribute about \$20 million per year to the Fund.

Crypto: Currency or Digital Game?

Crypto “currencies” have exploded in popularity in the last decade, with wildly fluctuating valuations, spawning billionaires and scams aplenty. Proffered as “currencies,” “investments” and “assets,” they are little more of any of the preceding than poker chips at a casino: of recreational value in playing a high stakes game of chance, but of minimal – or even negative - social or economic value. They have no functional use as currencies, since they are not a store of value, a stable reserve or widely accepted in exchange for goods, services or tax obligations. Their value as a medium of exchange is mostly to those who do not wish their financial transactions to be discoverable, primarily for illicit shadow-economy purposes, including tax avoidance. While the blockchain technology behind crypto may have other commercial uses, its value is nowhere close to the aggregate valuation of crypto, which last November soared to more than \$3 trillion before crashing to about \$1 trillion now. When this much money is involved and only crypto creators make the rules of the game (and, unsurprisingly, according to a recent NBER study, accrue most of the profits) without any regulatory control, vultures and their prey are to be expected.

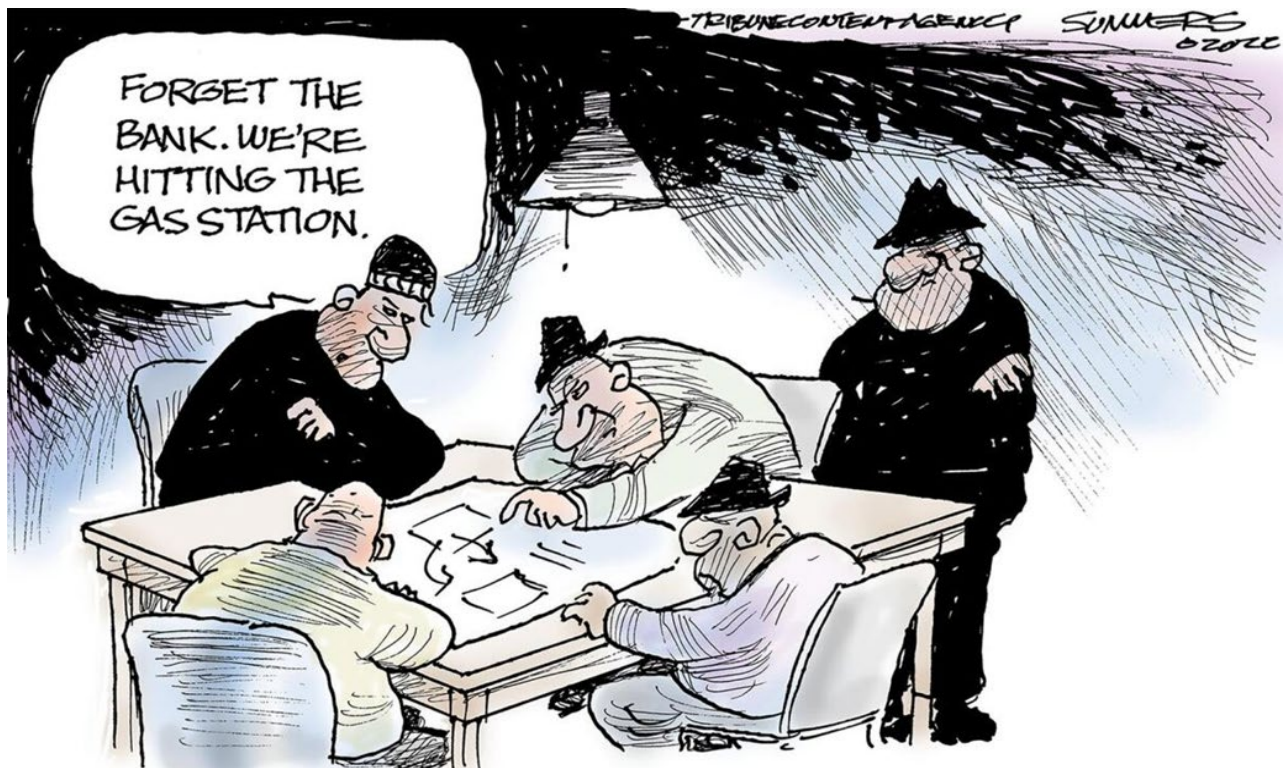
Although realized crypto earnings are now clearly taxable, remittances remain but a small fraction of actual tax liabilities. While difficult to estimate precisely, the IRS believes the total “tax gap” – owed but unpaid tax liabilities – could be as much as \$1T per year and that unpaid liabilities from “virtual currency” gains could be as much as 10% of this total – and growing. That would translate into as much as \$100B in federal tax losses per year and possibly more than \$50M per year in unpaid Vermont liabilities. In response to this, the IRS is attempting to require crypto exchanges to report gains to both clients and the IRS beginning in January 2023. While this would not cover all crypto exchange platforms and transactions, it would be a start and signal to those realizing crypto gains that they could be discoverable. The IRS proposal, however, is meeting fierce pushback from the crypto industry and the filing date may be pushed back or eliminated.



If crypto was simply benign digital recreation, it could be ignored by policy-makers and regulators. It has resulted, however, in widespread financial loss, expansive fraud and enormous consumption of electric power resources. Its means of expansion is the product of so-called “mining” operations that consume vast and ever-increasing quantities of electricity to power the computational equipment necessary to produce an incremental new coin. Until China recognized the utter resource waste crypto mining represents and banned most such activity in 2021, it was the largest mining location in the world. Since then, most mining has now moved to the U.S., with Texas and Georgia as the largest state hubs. In Texas alone, crypto mining in 2023 is expected to consume as much power as the city of Houston. Globally, Bitcoin mining alone consumes more power than Argentina, a nation

of 45 million people. According to a recent Columbia University study, producing that energy emits about 65 megatons of carbon dioxide into the atmosphere annually, making crypto a significant contributor to global air pollution and climate change. Amidst stifling heat waves in the US, Europe and Asia that are taxing power grids, there may be no more foolish human activity than running vast computer networks to support a virtual reality game when the reality of climate change is no game.

- Cannabis tax revenues are expected have a somewhat slower revenue phase-in during FY23 and FY24 and are now subject to an erratic allocation scheme that zeroes out all allocations to the Available General Fund in FY24-26, only to have it resume in FY27. It will still generate a smaller flow to the Education Fund via the Sales & Use tax in each year of the 5-year forecast period.
- Inflationary price increases will generally result in higher State tax receipts, except with taxes based on physical volumes, such as a large portion of the transportation fuel taxes, almost all fee-based revenue sources (the largest of which are Motor Vehicle Fees and General Fund Fees), or those with tax rates indexed to inflation, such as the Personal Income tax. Elevated inflation across the entire 5-year forecast horizon adds significantly to the nominal dollar tax revenue levels reported.
- The Transportation Fund will have an unusual year in FY23, as the Motor Fuel Assessment tax algorithms will garner additional revenue from high recent fuel prices, which are lagged in a way that will benefit at least the first half of FY23 and push total Gasoline revenues up 8.8% for the year. If fuel prices recede, as gasoline futures contracts now suggest, FY24 will experience an opposite effect, causing Gas tax revenue to fall 2.8%.



- The U.S. and Vermont macroeconomic forecasts upon which the revenue forecasts in this update are based are summarized in Tables A and B on the following two pages, and represent a consensus JFO and Administration forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics June 2022 projections and other major forecasting entities, including the Federal Reserve, EIA, CBO, IMF, The Conference Board and other private forecasting firms with whom we interact.

TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2020 through June 2022, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GDP Growth									
December-20	1.7	2.3	3.0	2.2	-3.5	4.1	4.7	3.2	2.3
June-21	1.7	2.3	3.0	2.2	-3.5	6.7	5.0	2.9	2.5
December-21	1.7	2.3	2.9	2.3	-3.4	5.6	4.2	2.8	2.7
June-22	1.7	2.3	2.9	2.3	-3.4	5.7	2.0	1.9	2.3
S&P 500 Growth (Annual Avg.)									
December-20	1.5	17.0	12.1	6.1	9.7	12.8	1.7	-3.9	1.7
June-21	1.5	17.0	12.1	6.1	10.5	26.3	-3.5	-2.7	1.9
December-21	1.5	17.0	12.1	6.1	10.5	32.6	3.4	-8.1	-5.4
June-22	1.5	17.0	12.1	6.1	10.5	32.6	-3.9	1.0	4.0
Employment Growth (Non-Ag)									
December-20	1.8	1.6	1.6	1.4	-5.8	1.2	2.5	2.4	1.2
June-21	1.8	1.6	1.6	1.3	-5.7	3.0	4.6	2.1	0.8
December-21	1.8	1.6	1.6	1.3	-5.7	2.8	3.8	1.5	0.8
June-22	1.7	2.3	2.9	2.3	-3.4	5.7	2.7	1.4	2.3
Unemployment Rate									
December-20	4.9	4.3	3.9	3.7	8.1	6.9	6.0	4.6	4.3
June-21	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.5	3.7
December-21	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.6	3.6
June-22	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.9	4.0
West Texas Int. Crude Oil \$/Bbl									
December-20	43	51	65	57	38	45	54	60	59
June-21	43	51	65	57	39	67	63	58	59
December-21	43	51	65	57	40	68	67	61	61
June-22	43	51	65	57	40	68	99	90	70
Prime Rate									
December-20	3.51	4.10	4.90	5.29	3.54	3.25	3.25	3.33	4.13
June-21	3.51	4.10	4.90	5.29	3.54	3.25	3.25	3.64	4.60
December-21	3.51	4.10	4.90	5.29	3.54	3.25	3.70	4.65	5.25
June-22	3.51	4.10	4.90	5.29	3.54	3.25	5.40	6.65	5.80
Consumer Price Index Growth									
December-20	1.3	2.1	2.4	1.8	1.2	2.0	2.6	2.7	2.5
June-21	1.3	2.1	2.4	1.8	1.2	3.4	2.8	2.6	2.5
December-21	1.3	2.1	2.4	1.8	1.2	4.6	4.2	3.1	2.9
June-22	1.3	2.1	2.4	1.8	1.2	4.7	7.4	3.8	2.7
Average Home Price Growth									
December-20	5.3	5.8	5.8	4.8	4.7	4.5	4.8	5.1	5.3
June-21	5.3	5.5	5.6	4.6	5.1	8.6	10.4	8.4	6.3
December-21	5.3	5.5	5.6	4.6	5.1	12.9	13.5	8.9	4.6
June-22	5.2	5.5	5.5	4.6	5.1	13.7	11.7	4.8	2.4

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts
December 2019 through June 2022, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GSP Growth									
December-19	1.6	0.1	1.2	2.6	1.7	1.8	2.4	2.2	2.1
July-20	1.6	0.1	1.2	2.5	-5.1	2.9	4.8	4.0	2.5
December-20	1.1	0.4	0.9	0.8	-6.2	3.4	4.9	3.4	2.1
June-21	1.1	0.4	0.9	0.8	-5.4	6.2	4.6	2.8	2.6
December-21	1.0	0.3	0.4	1.0	-4.2	4.4	4.2	3.0	2.8
June-22	1.0	0.3	0.4	1.0	-4.2	3.5	2.4	1.8	2.3
Population Growth									
December-19	-0.3	0.1	0.0	-0.1	0.1	0.1	0.1	0.1	0.1
July-20	-0.3	0.1	0.0	-0.1	0.1	0.2	0.2	0.1	0.1
December-20	-0.2	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1
June-21	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
December-21	0.3	0.3	0.3	0.3	0.3	0.5	0.4	0.3	0.3
June-22	0.3	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.3
Employment Growth									
December-19	0.3	0.6	0.1	0.8	0.5	0.1	0.6	0.5	0.4
July-20	0.3	0.6	0.2	0.1	-8.0	1.3	3.2	2.6	0.9
December-20	0.3	0.6	0.2	0.1	-9.3	2.0	2.7	2.4	1.1
June-21	0.3	0.6	0.3	0.1	-9.4	2.7	3.8	1.8	0.9
December-21	0.3	0.6	0.3	0.1	-9.4	2.7	3.1	1.6	1.0
June-22	0.3	0.6	0.3	0.1	-9.3	2.4	2.8	1.3	1.0
Unemployment Rate									
December-19	3.2	3.0	2.7	2.2	2.5	3.2	3.4	3.6	3.6
July-20	3.2	2.9	2.6	2.4	7.9	6.1	4.9	3.9	3.8
December-20	3.2	2.9	2.6	2.4	6.1	3.4	3.3	3.1	3.2
June-21	3.1	3.0	2.6	2.3	5.6	2.8	2.3	2.4	2.7
December-21	3.1	3.0	2.6	2.3	5.6	2.9	2.2	2.3	2.6
June-22	3.1	3.0	2.6	2.3	5.6	3.4	2.5	2.6	2.8
Personal Income Growth									
December-19	2.2	2.5	4.5	4.9	3.1	2.5	3.2	3.0	2.9
July-20	2.2	2.5	4.5	4.2	4.0	-1.1	4.3	4.9	4.5
December-20	1.8	2.6	3.5	3.2	8.6	2.3	4.1	5.2	4.6
June-21	1.8	2.6	3.5	3.2	6.0	3.5	1.3	4.6	4.5
December-21	1.6	2.6	3.2	3.4	6.7	3.6	2.2	4.7	4.6
June-22	1.6	2.6	3.2	3.4	6.7	4.5	2.2	5.2	5.0
Average Home Price Growth									
December-19	1.7	2.5	3.6	3.8	4.2	4.6	4.8	4.5	4.2
July-20	1.6	2.4	3.5	4.1	4.9	5.2	6.0	5.8	5.3
December-20	1.5	2.2	3.3	3.7	4.9	5.9	6.2	5.7	5.2
June-21	1.6	2.2	3.1	3.6	5.2	8.7	10.2	8.9	6.6
December-21	1.4	2.3	3.0	3.8	5.1	13.3	13.5	8.7	3.8
June-22	1.4	2.3	3.0	3.7	5.1	14.0	13.4	5.6	2.6

Methodological Notes and Other Comments

- This analysis has benefited significantly from the input and support of Tax Department and Joint Fiscal Office personnel. In the Joint Fiscal Office, Graham Campbell, Theresa Utton-Jerman, Stephanie Barrett, Dan Dickerson, Joyce Manchester, Pat Titterton and Sorsha Anderson have contributed to numerous policy and revenue impact analyses and coordinated JFO forecast production and related legislative committee support functions. They have also painstakingly organized and updated large tax and other databases in support of JFO revenue forecasting activities. In the Tax Department, Sharon Asay, Jennifer McNall, Jake Feldman, Erin Hicks-Tibbles, and Rebecca Sameroff provided important analytic contributions to many tax and revenue forecasts, including tax law change analyses and statistical and related background information associated with the detailed tax databases they oversee. Our thanks to all of the above for their many contributions to this analysis.
- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 44 years of data for each of the 25 General Fund categories (three aggregates), 41 years of data for most of the Transportation Fund categories (one aggregate), and 22 to 44 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using U.S. Census Bureau X-13-ARIMA-SEATS and TRAMO-SEATS methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.
- Because the State does not currently fund an internal State or U.S. macro-economic model, this analysis relies primarily on semi-annual macroeconomic models from Moody's Analytics with consensus model adjustments made by JFO and Administration economists using a customized Moody's on-line Vermont model prepared during the month preceding the revenue forecast. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), and IMPLAN are also maintained and managed by the JFO and KRA for use in selected economic impact and simulation analyses used herein.
- The Consensus JFO and Administration forecasts are developed following discussion, analysis and synthesis of independent revenue projections, econometric models and source data produced by Administration and Joint Fiscal Office economists.

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

SOURCE G-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1187.4	-6.3%	\$1129.9	-4.8%
Sales and Use ¹	\$397.8	5.6%	\$412.5	3.7%	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$561.5	3.0%	\$562.9	0.2%
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$196.7	-11.9%	\$161.5	-17.9%
Meals and Rooms ²	\$173.2	4.8%	\$182.1	5.1%	\$163.6	-10.1%	\$143.8	-12.1%	\$216.8	50.8%	\$228.5	5.4%	\$233.3	2.1%
Liquor	\$19.8	3.6%	\$21.4	8.1%	\$21.6	0.8%	\$28.7	32.8%	\$30.1	5.0%	\$31.2	3.5%	\$32.4	3.8%
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$67.7	3.1%	\$68.8	1.6%
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-4.6%	\$2.3	-4.2%
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.2	2.3%	\$7.4	2.8%
Estate	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$26.9	77.5%	\$14.0	-48.0%	\$24.8	77.2%	\$27.1	9.3%
Property	\$40.9	5.6%	\$41.1	0.6%	\$42.3	2.9%	\$73.9	74.8%	\$77.7	5.1%	\$69.2	-10.9%	\$62.4	-9.8%
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$16.0	-5.5%	\$15.3	-4.4%
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$5.8	NM	\$15.5	168.5%
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.2	-4.2%	\$1.0	-16.7%
Total Tax Revenue	\$1667.2	7.3%	\$1763.0	5.7%	\$1829.7	3.8%	\$2068.5	13.1%	\$2468.2	19.3%	\$2399.5	-2.8%	\$2319.8	-3.3%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$1.3	4.4%	\$1.33	2.3%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$45.2	7.1%	\$44.8	-0.9%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$2.7	-3.9%	\$2.7	-1.9%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$3.6	7.6%	\$3.8	5.6%
Interest	\$2.8	80.1%	\$5.0	79.1%	\$4.1	-18.0%	\$0.9	-77.9%	\$2.6	185.2%	\$4.2	60.9%	\$4.7	13.0%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$31.8	3.3%	\$32.7	2.8%
All Other ³	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$0.7	-27.3%	\$0.8	14.3%
Total Other Revenue	\$87.0	-0.1%	\$93.9	7.9%	\$84.8	-9.7%	\$84.1	-0.8%	\$83.9	-0.2%	\$89.5	6.6%	\$90.8	1.5%
Healthcare Revenue⁴	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$303.5	8.0%	\$316.5	4.3%	\$326.3	3.1%
TOTAL GENERAL FUND	\$2029.8	5.9%	\$2133.2	5.1%	\$2199.2	3.1%	\$2433.6	10.7%	\$2855.6	17.3%	\$2805.5	-1.8%	\$2736.8	-2.4%

1) Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.

3) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

4) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

*including all Education Fund
allocations and other out-transfers*

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1187.4	-6.3%	\$1129.9	-4.8%
Sales and Use ¹	\$258.6	5.6%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$196.7	-11.9%	\$161.5	-17.9%
Meals and Rooms	\$173.2	4.8%	\$136.5	-21.2%	\$116.1	-15.0%	\$99.2	-14.5%	\$149.6	50.8%	\$157.7	5.4%	\$161.0	2.1%
Liquor ⁶	\$19.8	3.6%	\$21.4	8.1%	\$3.6	-83.2%	\$4.8	32.8%	\$5.0	5.0%	\$5.2	3.5%	\$5.4	3.8%
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$67.7	3.1%	\$68.8	1.6%
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-4.6%	\$2.3	-4.2%
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.2	2.3%	\$7.4	2.8%
Estate ³	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$23.4	54.1%	\$14.0	-40.1%	\$24.8	77.2%	\$27.1	9.3%
Property	\$12.4	-1.5%	\$12.5	0.9%	\$12.9	3.0%	\$23.1	79.6%	\$24.3	5.3%	\$21.6	-11.2%	\$19.4	-10.2%
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$16.0	-5.5%	\$15.3	-4.4%
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$4.1	NM	\$0.0	-100.0%
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.2	-4.2%	\$1.0	-16.7%
Total Tax Revenue	\$1499.5	7.4%	\$1276.4	-14.9%	\$1302.3	2.0%	\$1438.1	10.4%	\$1777.4	23.6%	\$1691.9	-4.8%	\$1599.0	-5.5%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$1.3	4.4%	\$1.3	2.3%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$45.2	7.1%	\$44.8	-0.9%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$2.7	-3.9%	\$2.7	-1.9%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$3.6	7.6%	\$3.8	5.6%
Interest	\$2.3	96.1%	\$4.3	87.8%	\$3.3	-24.5%	\$0.8	-75.5%	\$2.3	187.4%	\$3.7	61.2%	\$4.2	13.5%
All Other ⁴	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$0.7	-27.3%	\$0.8	14.3%
Total Other Revenue	\$59.4	-3.0%	\$63.7	7.4%	\$57.2	-10.3%	\$51.5	-9.9%	\$52.9	2.6%	\$57.2	8.2%	\$57.6	0.7%
Healthcare Revenue⁵	\$0.0	NM	\$272.3	NM	\$280.9	3.1%	\$278.1	-1.0%	\$299.3	7.6%	\$312.0	4.2%	\$321.7	3.1%
TOTAL GENERAL FUND	\$1558.9	7.0%	\$1612.5	3.4%	\$1640.4	1.7%	\$1767.7	7.8%	\$2129.5	20.5%	\$2061.0	-3.2%	\$1978.3	-4.0%

1) Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

3) Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

4) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

5) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

SOURCE HEALTHCARE¹

revenues are prior to all allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.0	-1.9%	\$74.9	-1.4%	\$73.7	-1.6%
Claims Assessment	\$19.8	12.1%	\$19.6	-1.3%	\$20.7	5.7%	\$19.7	-4.7%	\$21.7	10.3%	\$22.5	3.5%	\$23.0	2.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$17.9	-11.4%	\$21.9	22.2%	\$23.0	5.0%	\$24.7	7.5%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$161.5	12.4%	\$173.8	7.6%	\$182.5	5.0%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.8	-0.3%	\$5.9	1.0%	\$6.0	2.6%
All Other HC Revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.8	0.9%	\$1.8	-3.0%	\$1.8	0.6%
TOTAL HEALTHCARE	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$303.5	8.0%	\$316.5	4.3%	\$326.3	3.1%

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.0	-1.9%	\$74.9	-1.4%	\$73.7	-1.6%
Claims Assessment	\$15.9	13.2%	\$15.6	-1.7%	\$16.9	7.8%	\$16.4	-3.0%	\$17.6	7.3%	\$18.0	2.4%	\$18.4	2.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$18.4	-9.2%	\$21.9	19.2%	\$23.0	5.0%	\$24.7	7.5%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$161.5	12.4%	\$173.8	7.6%	\$182.5	5.0%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.8	-0.3%	\$5.9	1.0%	\$6.0	2.6%
All Other HC Revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.8	0.9%	\$1.8	-3.0%	\$1.8	0.6%
TOTAL HEALTHCARE	\$271.7	-0.5%	\$272.3	0.2%	\$280.9	3.1%	\$278.1	-1.0%	\$299.3	7.6%	\$312.0	4.2%	\$321.7	3.1%

1) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022**

SOURCE T-FUND

revenues are prior to all E-Fund allocations

and other out-transfers; used for

analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$71.9	6.9%	\$78.2	8.8%	\$76.0	-2.8%
Diesel****	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.3	2.0%	\$18.8	2.7%	\$18.9	0.5%
Purchase and Use*	\$109.4	6.0%	\$111.8	2.2%	\$105.4	-5.7%	\$134.1	27.2%	\$137.1	2.3%	\$141.3	3.1%	\$144.3	2.1%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$86.0	-1.9%	\$87.8	2.1%	\$88.6	0.9%
Other Revenue**	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$20.3	-1.1%	\$21.1	3.9%	\$21.7	2.8%
TOTAL TRANS. FUND	\$315.4	3.1%	\$318.2	0.9%	\$299.2	-6.0%	\$327.4	9.4%	\$333.5	1.9%	\$347.2	4.1%	\$349.5	0.7%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$71.9	6.9%	\$78.2	8.8%	\$76.0	-2.8%
Diesel	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.3	2.0%	\$18.8	2.7%	\$18.9	0.5%
Purchase and Use ¹	\$73.0	6.0%	\$74.5	2.2%	\$70.3	-5.7%	\$89.4	27.2%	\$91.4	2.3%	\$94.2	3.1%	\$96.2	2.1%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$86.0	-1.9%	\$87.8	2.1%	\$88.6	0.9%
Other Revenue ²	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$20.3	-1.1%	\$21.1	3.9%	\$21.7	2.8%
TOTAL TRANS. FUND	\$279.0	2.8%	\$280.9	0.7%	\$264.1	-6.0%	\$282.7	7.0%	\$287.8	1.8%	\$300.1	4.3%	\$301.4	0.4%

OTHER (TIB³)

TIB Gasoline	\$12.9	2.2%	\$14.6	13.1%	\$12.7	-12.8%	\$10.2	-19.5%	\$15.1	48.2%	\$21.60	42.7%	\$19.70	-8.8%
TIB Diesel and Other ⁴	\$2.0	16.1%	\$2.1	3.7%	\$2.0	-2.5%	\$1.9	-4.5%	\$1.9	1.7%	\$2.03	4.3%	\$2.04	0.5%
TOTAL OTHER (TIB)	\$14.9	2.4%	\$16.6	11.9%	\$14.7	-11.6%	\$12.1	-17.5%	\$17.1	40.8%	\$23.6	38.3%	\$21.7	-8.0%

1) As of FY04, includes Motor Vehicle Rental tax revenue.

2) Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

3) Transportation Infrastructure Bond revenues

4) Includes TIB Fund interest income (which has never exceeded \$85,000 per year); Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

**TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND¹ REVENUE FORECAST UPDATE**
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
GENERAL FUND														
Meals and Rooms	\$0.0	NM	\$45.5	NM	\$40.9	-10.1%	\$36.0	-12.1%	\$54.2	50.8%	\$57.1	5.4%	\$58.3	2.1%
Sales & Use ²	\$139.2	5.6%	\$412.5	196.3%	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$563.2	3.3%	\$567.6	0.8%
Interest	\$0.5	30.3%	\$0.7	38.1%	\$0.8	23.9%	\$0.1	-87.1%	\$0.29	169.1%	\$0.46	58.7%	\$0.50	8.7%
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$31.8	3.3%	\$32.7	2.8%
TRANSPORTATION FUND														
Purchase and Use ³	\$36.5	6.0%	\$37.3	2.2%	\$35.1	-5.7%	\$44.7	27.2%	\$45.7	2.3%	\$47.1	3.1%	\$48.1	2.1%
TOTAL EDUCATION FUND	\$203.3	5.8%	\$525.4	158.4%	\$536.2	2.0%	\$620.9	15.8%	\$676.2	8.9%	\$699.7	3.5%	\$707.2	1.1%

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

2) Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;

Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23

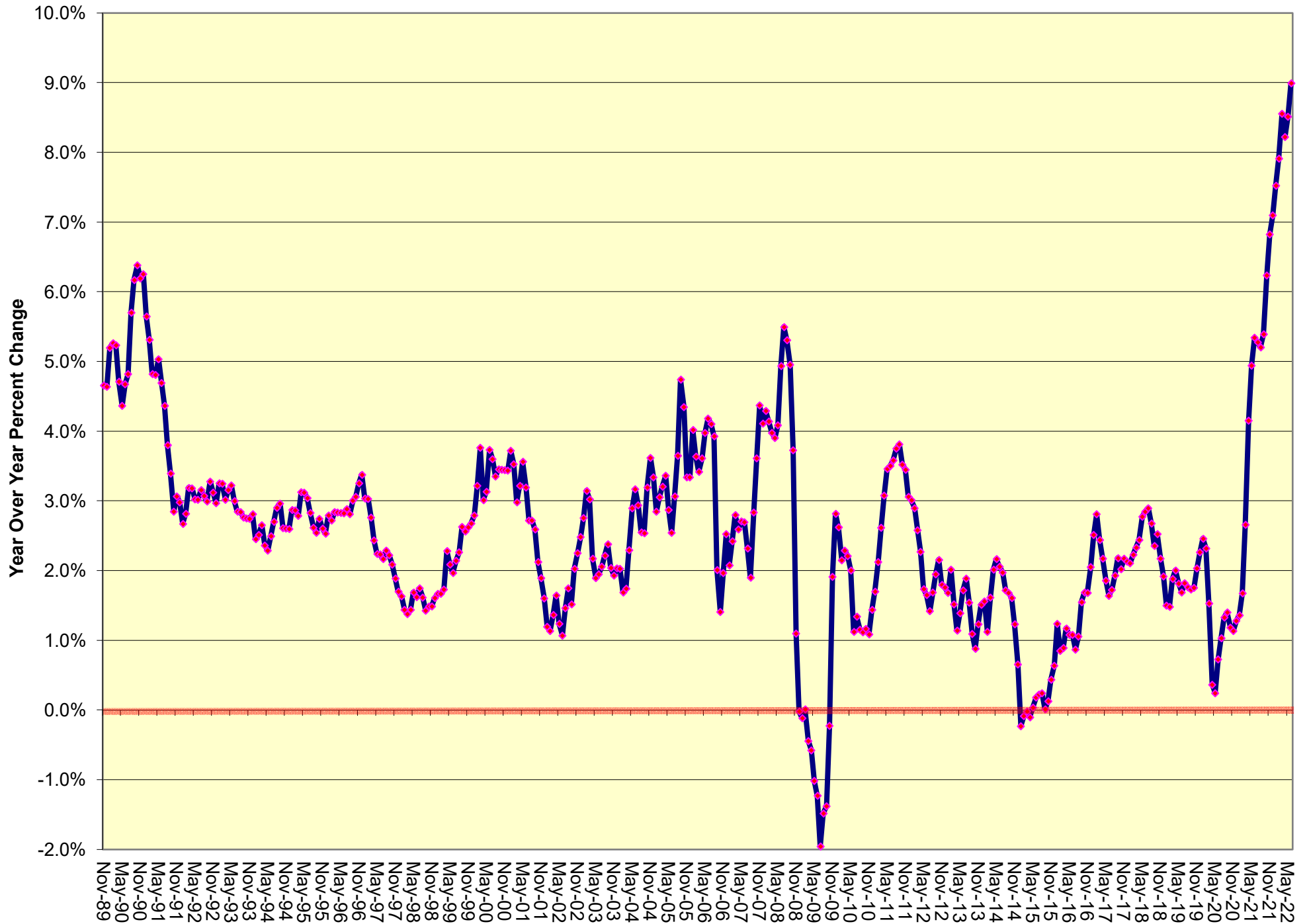
3) Includes Motor Vehicle Rental revenues, restated

Charts for Virtual Presentation and Discussion

July 2022

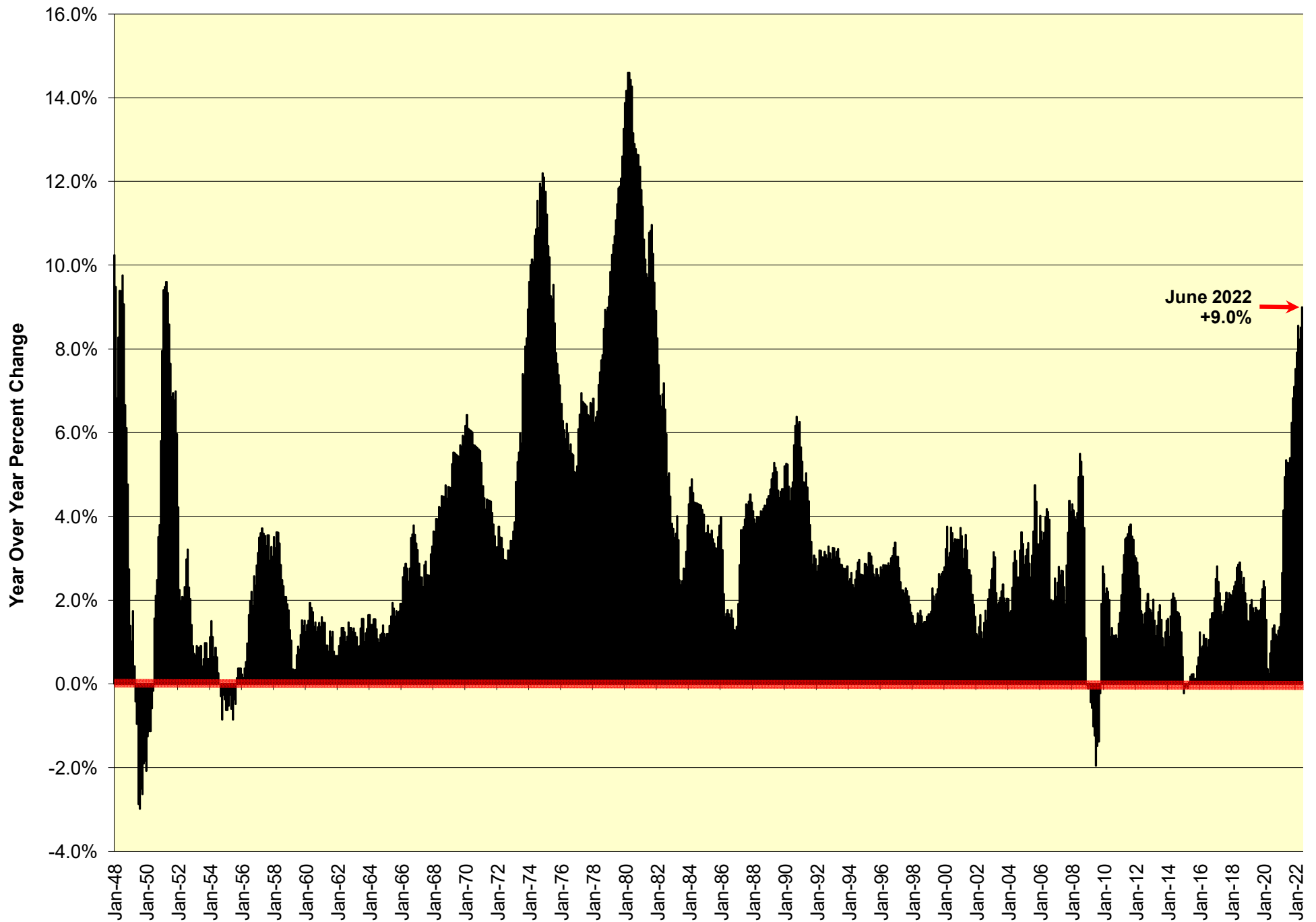
Inflation Accelerates to Highest Level 40 Years With Heightened Demand and Supply Disruptions

(Consumer Price Index - Urban, All Items, Percent Change vs. Year Ago)



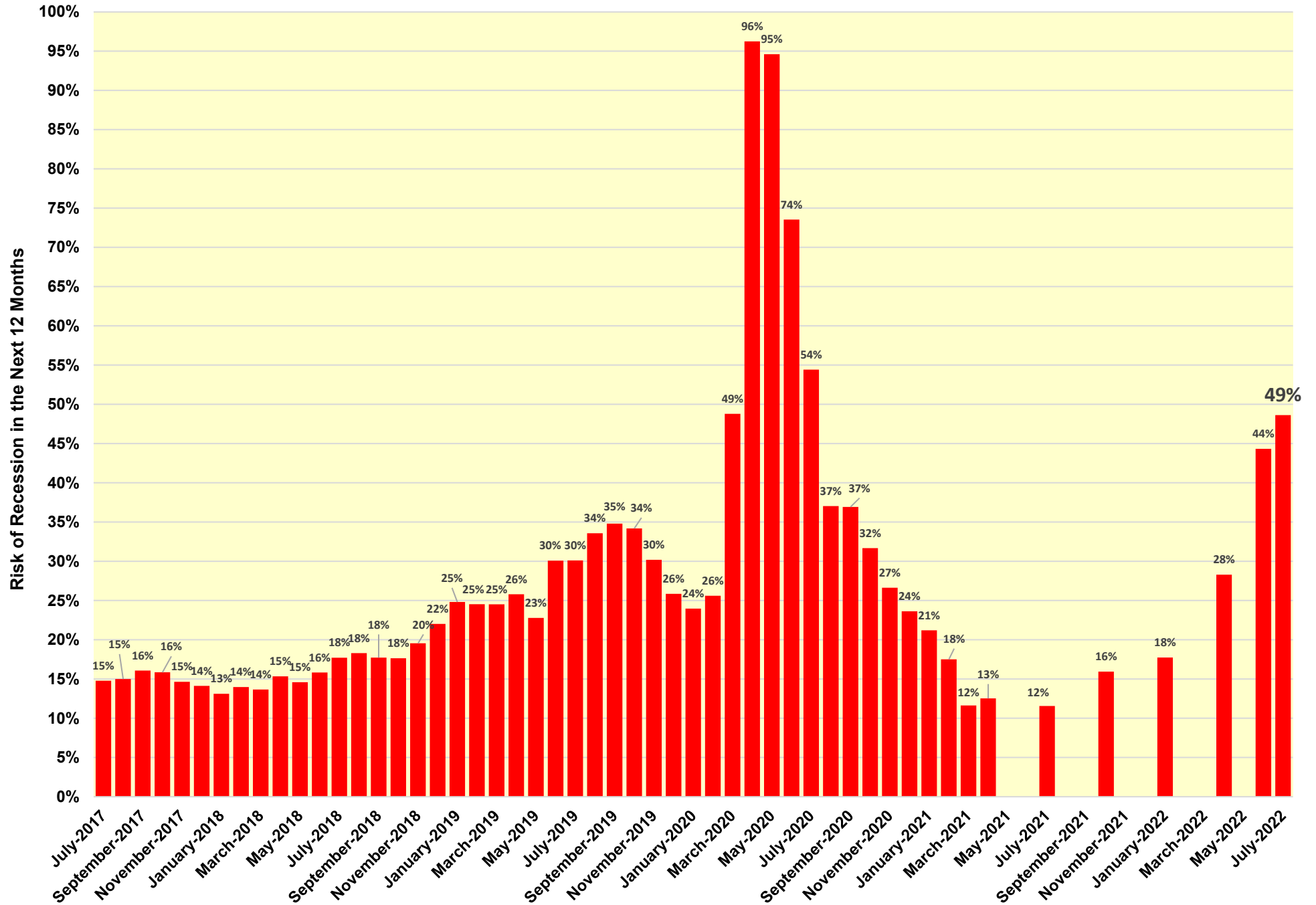
Inflation in Perspective

(Consumer Price Index - Urban, All Items, Percent Change vs. Year Ago)



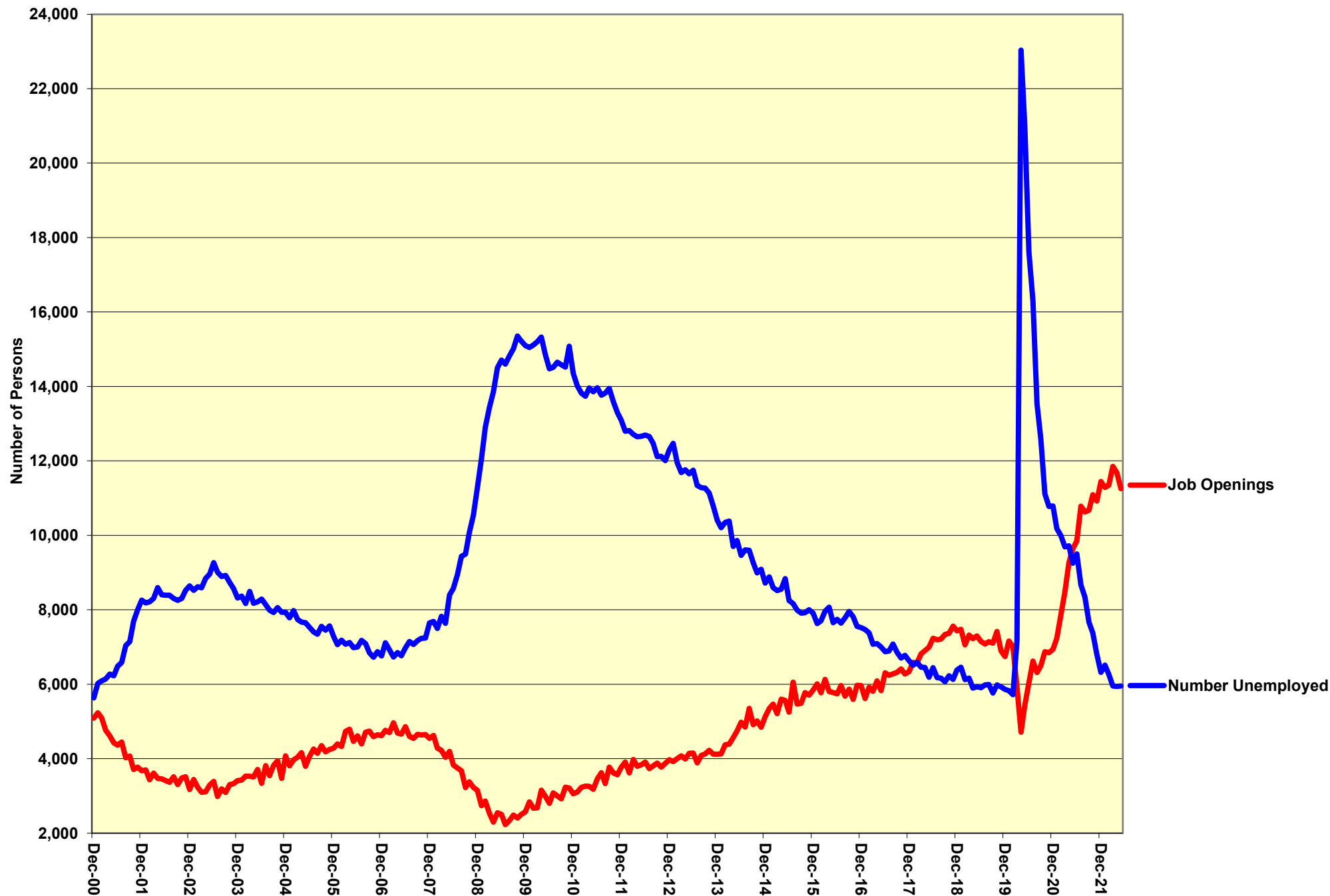
Inflation, Interest Rate Hikes and War Elevate Year-Ahead Recession Risks

(Risk of Recession In the Next 12 Months - Source: Wall Street Journal Survey of 75 Economists)



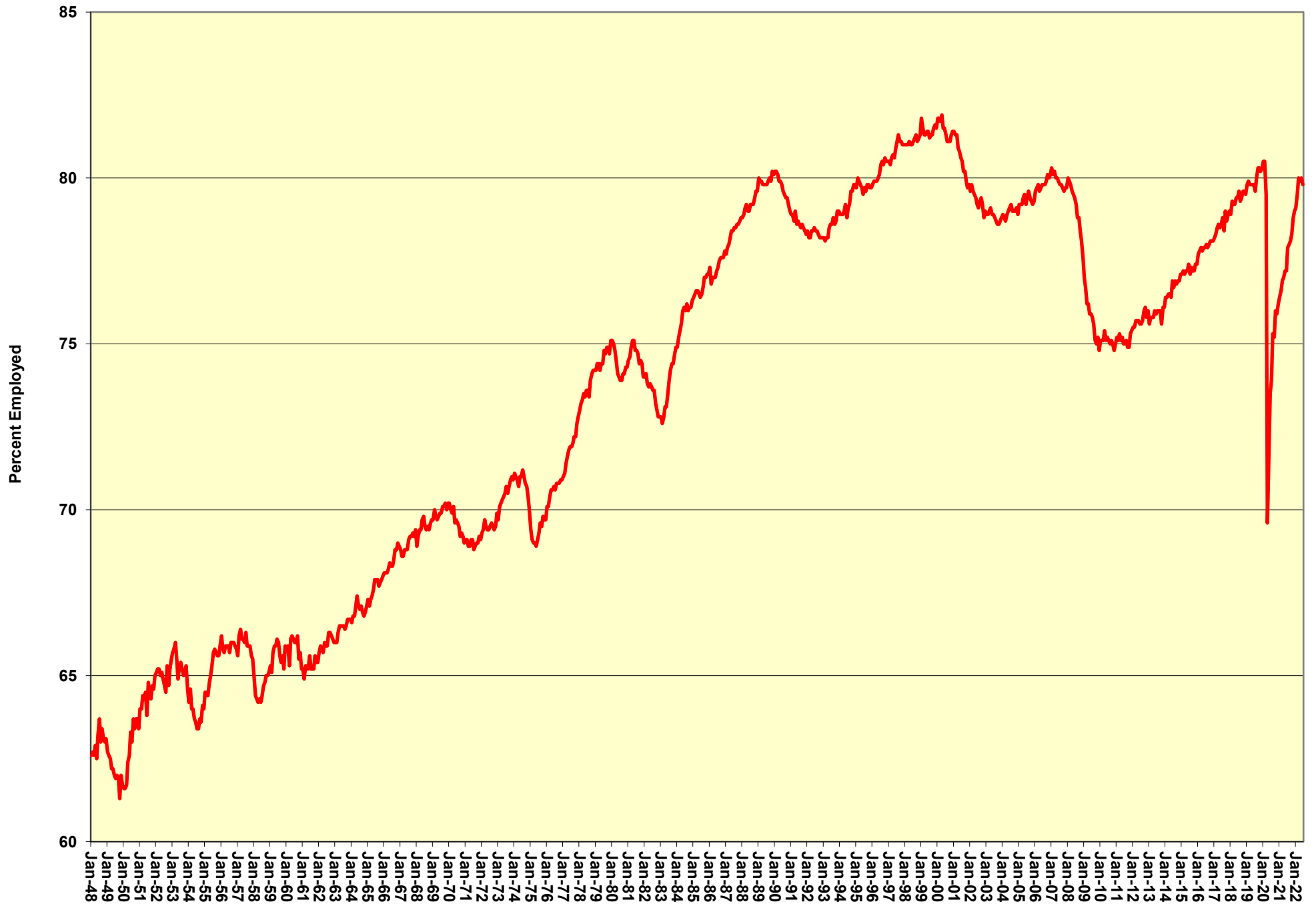
Labor Markets Remain Tight, As Job Openings Still Exceed the Number Unemployed

(Seasonally adjusted data, Source: Bureau of Labor Statistics, U.S. Department of Labor)



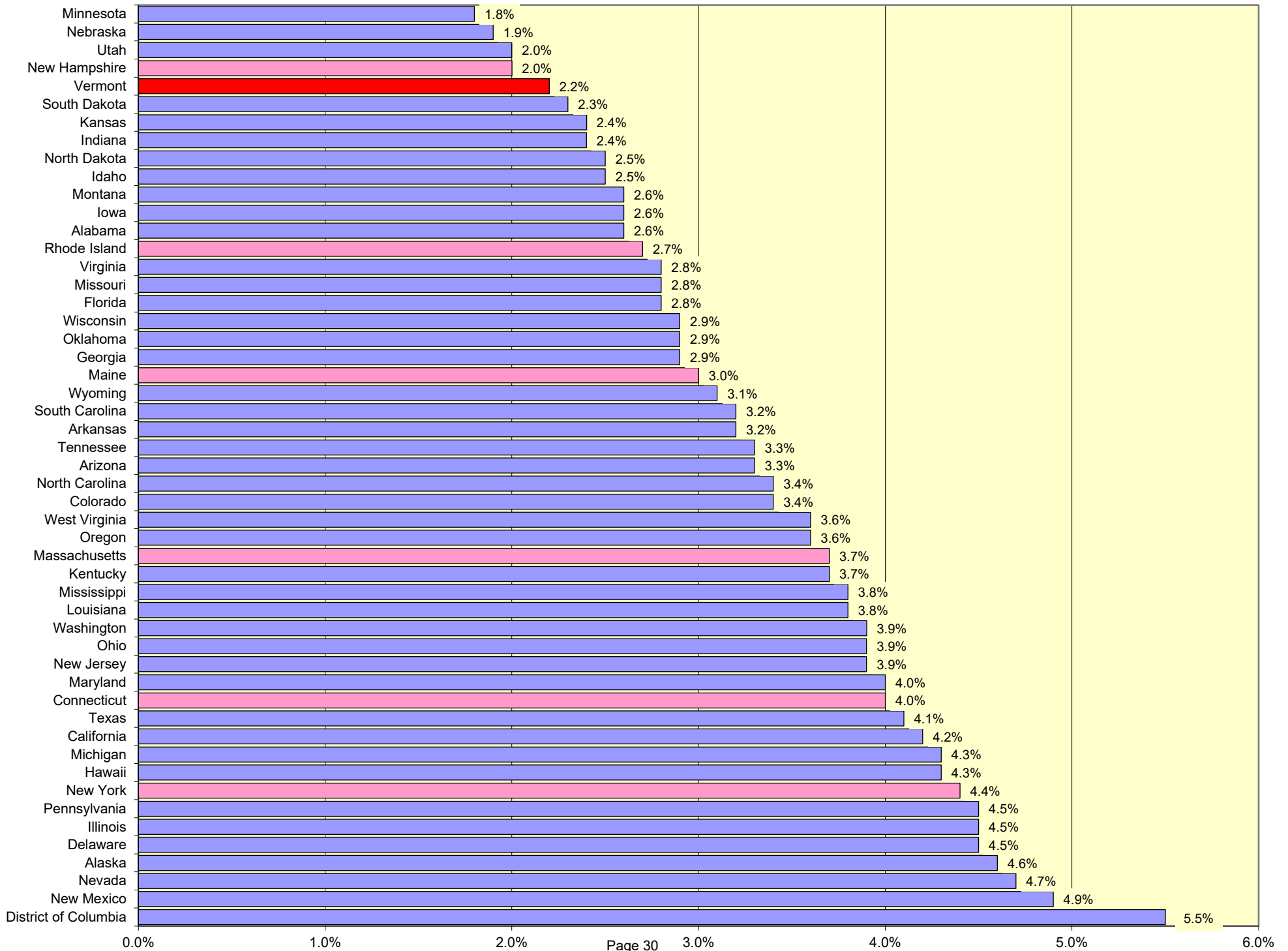
Employment to Population Ratio For Ages 25-54 Moves Closer to "Full Employment" Level

(Seasonally adjusted data, Source: Bureau of Labor Statistics, U.S. Department of Labor)



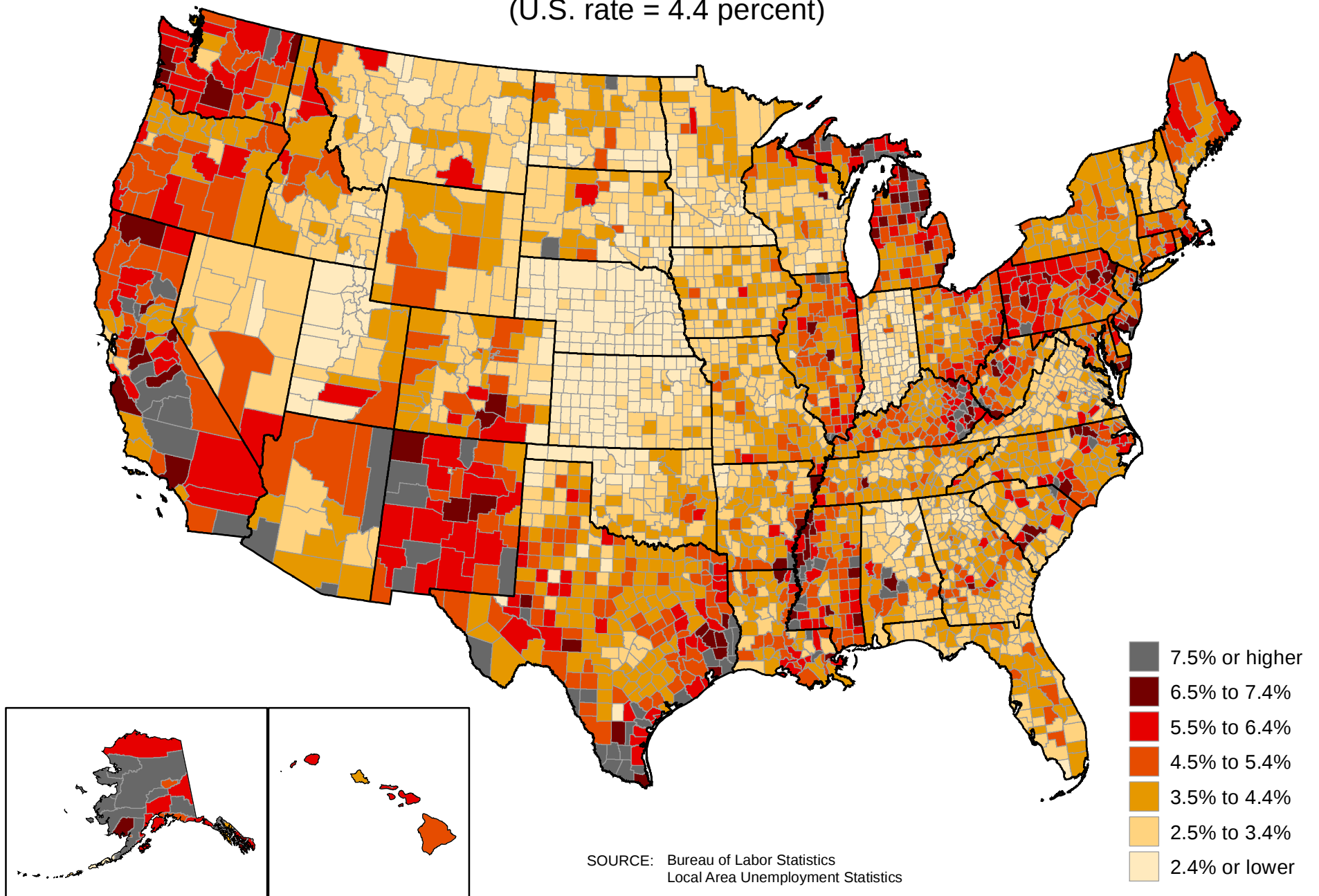
Unemployment Rate by State - June 2022

Seasonally Adjusted Data, Source: U.S. Bureau of Labor Statistics



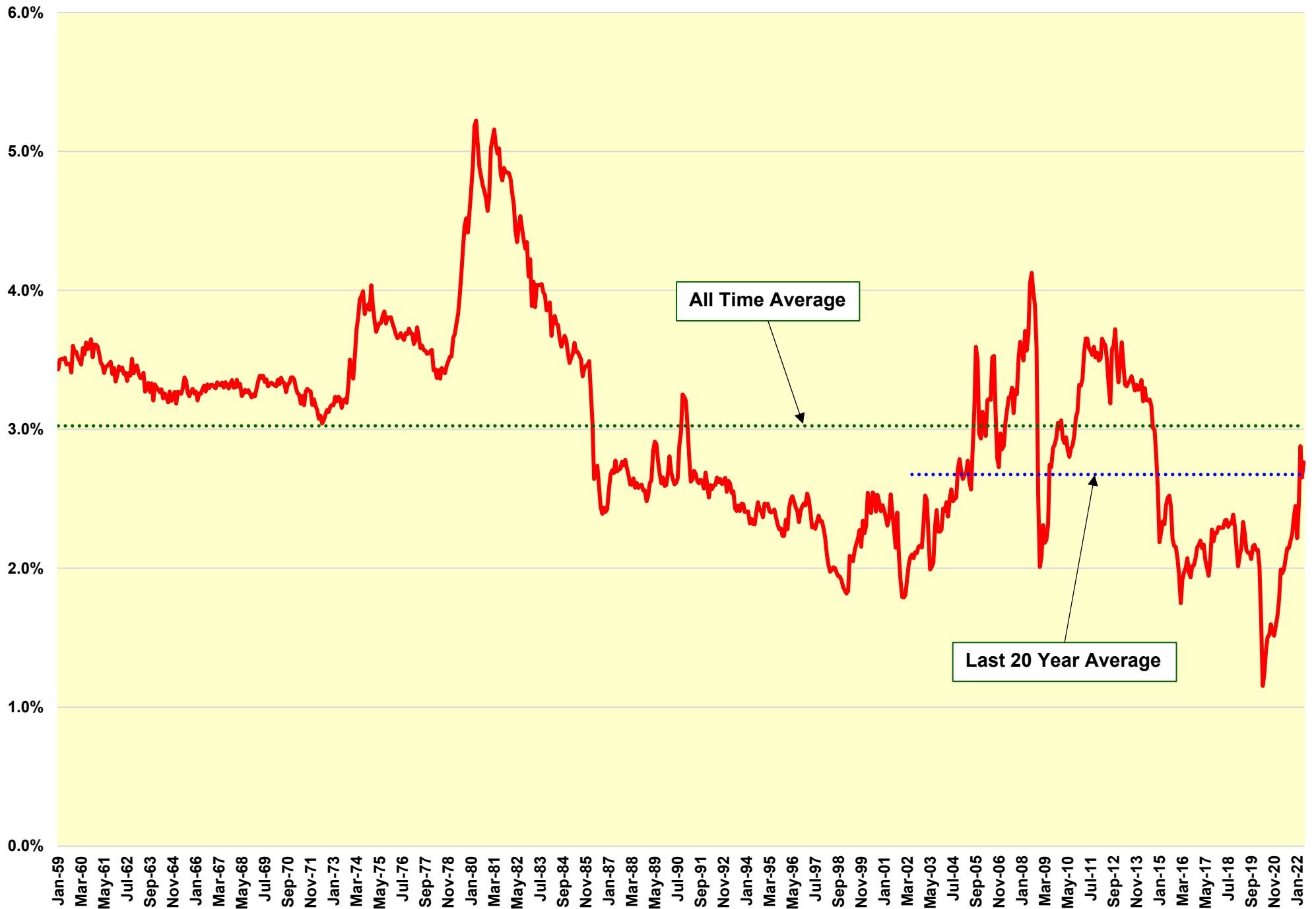
Unemployment rates by county, June 2021-May 2022 averages

(U.S. rate = 4.4 percent)



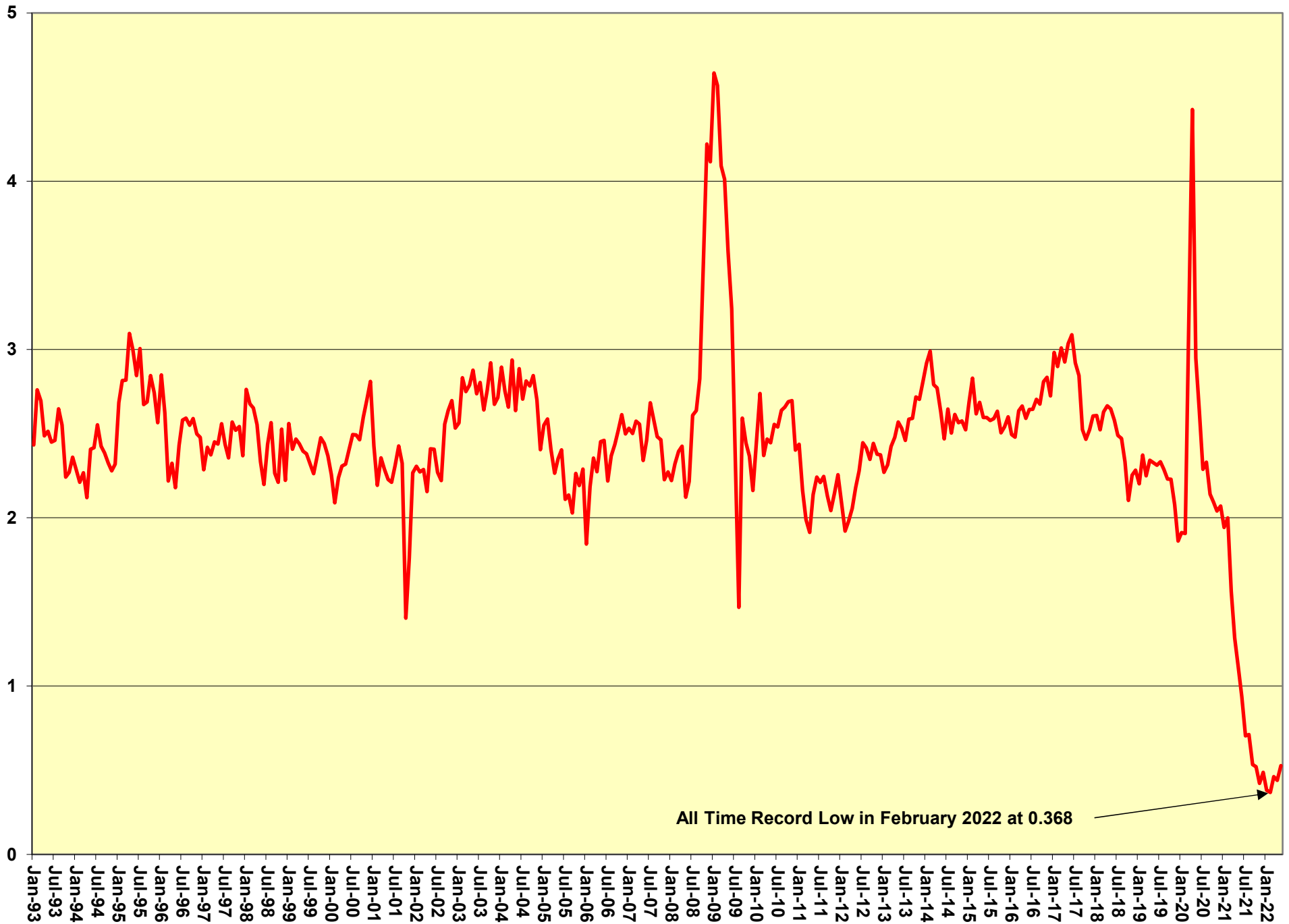
Gasoline Prices Have Soared, But Expenditures as a Share of Total Consumption Remain Close to Average

(Gasoline Share of Total U.S. Personal Consumption Expenditures, Source: U.S. BEA)



Higher Interest Rates Will Dent Auto Sales, But Supply is Still the Dominant Constraint

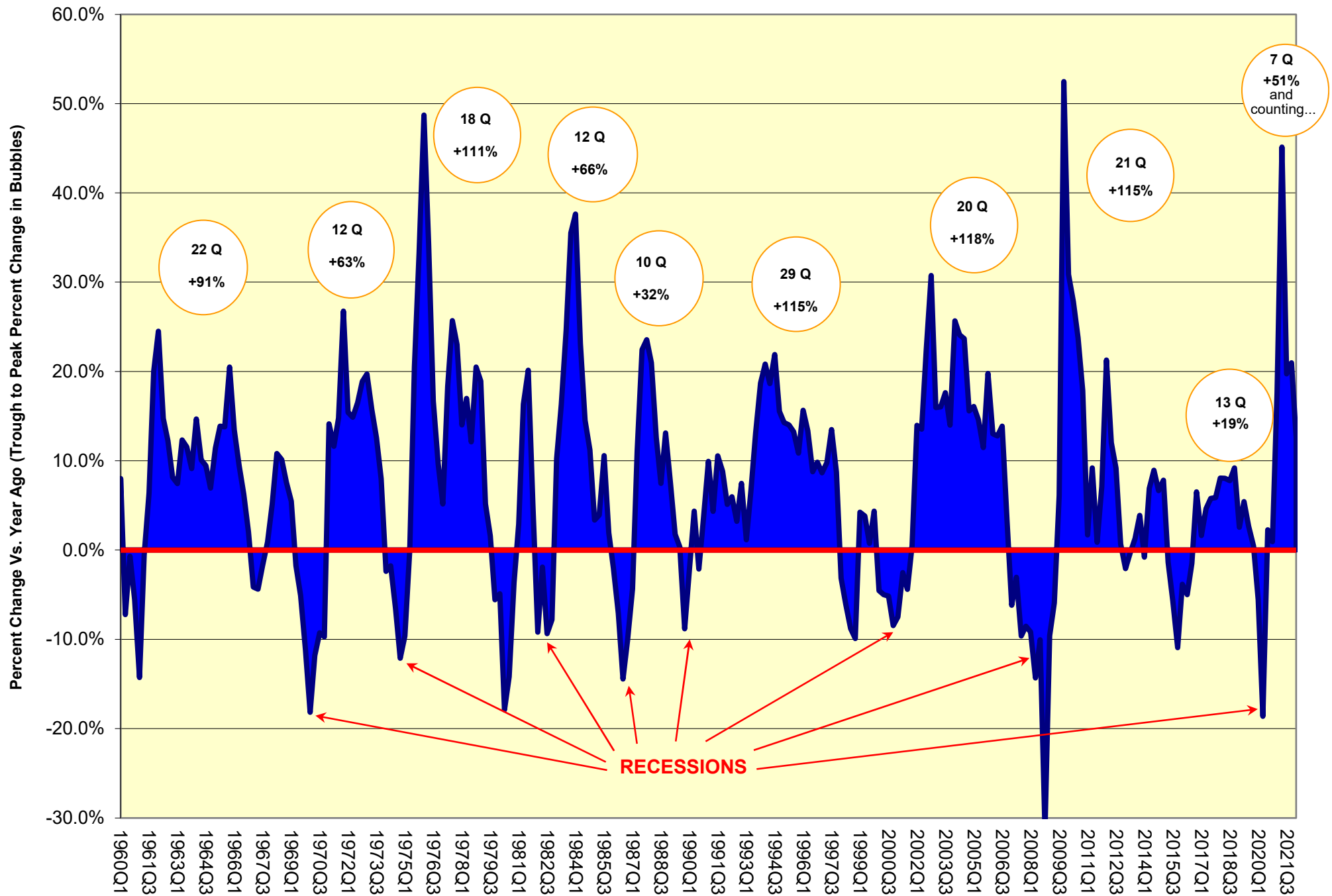
(Auto Inventory to Sales Ratio, Seasonally Adjusted data from the U.S. Bureau of Economic Analysis)



All Time Record Low in February 2022 at 0.368

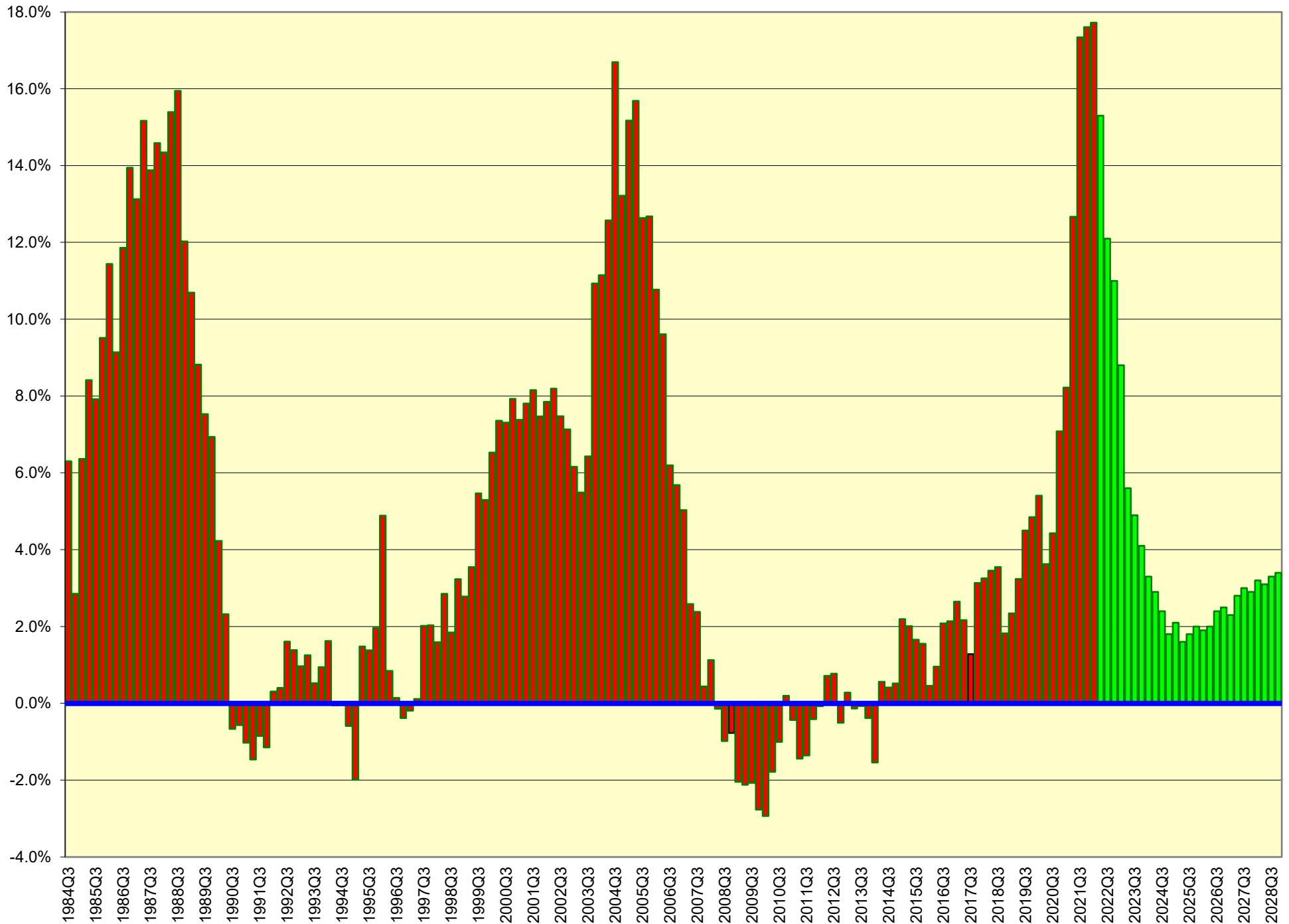
Corporate Profit Growth Flourishes Amidst Rising Inflation

U.S. corporate profits with inventory valuation and capital consumption adjustment; Source: US BEA
Data in bubbles indicate number of consecutive quarters of growth and percent change, trough to pe



Vermont is Now Experiencing Its Third Major Real Estate Cycle in the Past 40 Years

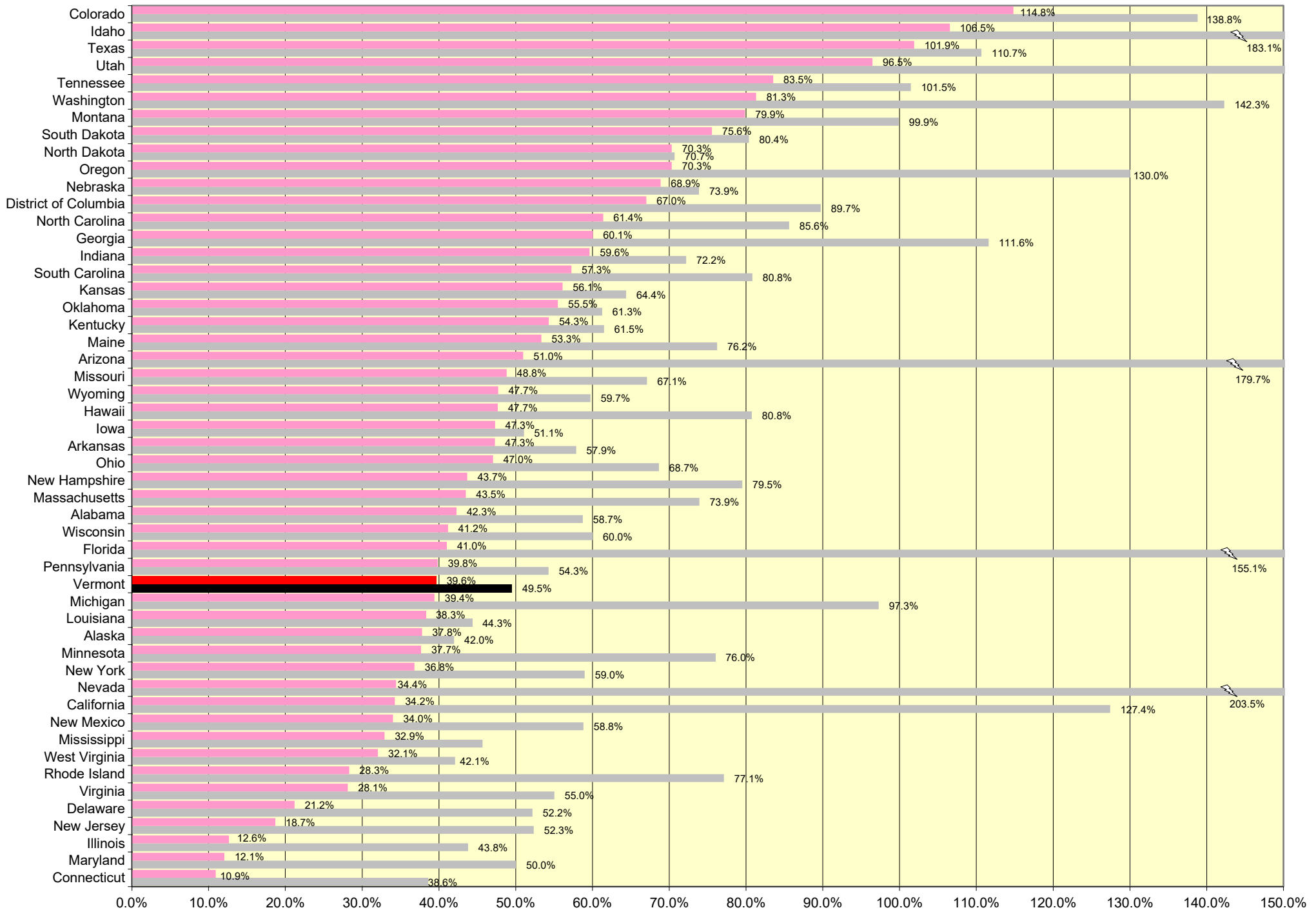
(FHFA Vermont Housing Price Index Percent Change Vs. Year Ago, Historical Data - Red, JFO Forecast Data - Green)



Real Estate Update: Housing Values Relative to Last Peak (pink) and Trough (grey)

Percent Change, 2022Q1 vs. Peak Price by State Between 2005Q3 and 2009Q3 (Pink) and 2022Q1 vs. Trough Price Between 2009Q3 and 2014Q1 (Grey)

Source: FHFA House Price Index



Appendix A

Five Year Revenue Forecast Tables

July 2022

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

SOURCE G-FUND																		
<i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>																		
	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																		
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1187.4	-6.3%	\$1129.9	-4.8%	\$1183.6	4.8%	\$1240.7	4.8%
Sales and Use ¹	\$397.8	5.6%	\$412.5	3.7%	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$561.5	3.0%	\$562.9	0.2%	\$578.0	2.7%	\$596.0	3.1%
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$196.7	-11.9%	\$161.5	-17.9%	\$175.5	8.7%	\$189.6	8.0%
Meals and Rooms ²	\$173.2	4.8%	\$182.1	5.1%	\$163.6	-10.1%	\$143.8	-12.1%	\$216.8	50.8%	\$228.5	5.4%	\$233.3	2.1%	\$239.7	2.7%	\$247.9	3.4%
Liquor	\$19.8	3.6%	\$21.4	8.1%	\$21.6	0.8%	\$28.7	32.8%	\$30.1	5.0%	\$31.2	3.5%	\$32.4	3.8%	\$33.6	3.7%	\$34.8	3.6%
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$67.7	3.1%	\$68.8	1.6%	\$70.4	2.3%	\$72.1	2.4%
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-4.6%	\$2.3	-4.2%	\$2.2	-4.3%	\$2.1	-4.5%
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.2	2.3%	\$7.4	2.8%	\$7.5	1.4%	\$7.6	1.3%
Estate	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$26.9	77.5%	\$14.0	-48.0%	\$24.8	77.2%	\$27.1	9.3%	\$29.2	7.7%	\$31.4	7.5%
Property	\$40.9	5.6%	\$41.1	0.6%	\$42.3	2.9%	\$73.9	74.8%	\$77.7	5.1%	\$69.2	-10.9%	\$62.4	-9.8%	\$58.4	-6.4%	\$63.1	8.0%
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$16.0	-5.5%	\$15.3	-4.4%	\$14.7	-3.9%	\$14.5	-1.4%
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$5.8	NM	\$15.5	168.5%	\$22.6	45.6%	\$26.0	14.9%
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.2	-4.2%	\$1.0	-16.7%	\$1.1	10.0%	\$1.2	9.1%
Total Tax Revenue	\$1667.2	7.3%	\$1763.0	5.7%	\$1829.7	3.8%	\$2068.5	13.1%	\$2468.2	19.3%	\$2399.5	-2.8%	\$2319.8	-3.3%	\$2416.5	4.2%	\$2526.9	4.6%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$1.3	4.4%	\$1.33	2.3%	\$1.36	2.3%	\$1.39	2.2%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$45.2	7.1%	\$44.8	-0.9%	\$44.5	-0.7%	\$44.3	-0.4%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$2.7	-3.9%	\$2.7	-1.9%	\$2.6	-1.9%	\$2.6	-1.9%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$3.6	7.6%	\$3.8	5.6%	\$4.0	5.3%	\$4.2	5.0%
Interest	\$2.8	80.1%	\$5.0	79.1%	\$4.1	-18.0%	\$0.9	-77.9%	\$2.6	185.2%	\$4.2	60.9%	\$4.7	13.0%	\$4.4	-6.6%	\$4.3	-2.5%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$31.8	3.3%	\$32.7	2.8%	\$33.7	3.1%	\$34.8	3.3%
All Other ³	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$0.7	-27.3%	\$0.8	14.3%	\$0.9	12.5%	\$1.0	11.1%
Total Other Revenue	\$87.0	-0.1%	\$93.9	7.9%	\$84.8	-9.7%	\$84.1	-0.8%	\$83.9	-0.2%	\$89.5	6.6%	\$90.8	1.5%	\$91.5	0.7%	\$92.5	1.2%
Healthcare Revenue⁴	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$303.5	8.0%	\$316.5	4.3%	\$326.3	3.1%	\$329.7	1.0%	\$333.2	1.1%
TOTAL GENERAL FUND	\$2029.8	5.9%	\$2133.2	5.1%	\$2199.2	3.1%	\$2433.6	10.7%	\$2855.6	17.3%	\$2805.5	-1.8%	\$2736.8	-2.4%	\$2837.6	3.7%	\$2952.6	4.1%
																	\$3058.3	3.6%

- 1) Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.
- 2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.
- 3) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.
- 4) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
- 5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																				
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1187.4	-6.3%	\$1129.9	-4.8%	\$1183.6	4.8%	\$1240.7	4.8%	\$1291.8	4.1%
Sales and Use ¹	\$258.6	5.6%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$196.7	-11.9%	\$161.5	-17.9%	\$175.5	8.7%	\$189.6	8.0%	\$202.2	6.6%
Meals and Rooms	\$173.2	4.8%	\$136.5	-21.2%	\$116.1	-15.0%	\$99.2	-14.5%	\$149.6	50.8%	\$157.7	5.4%	\$161.0	2.1%	\$165.4	2.7%	\$171.1	3.4%	\$177.4	3.7%
Liquor ⁶	\$19.8	3.6%	\$21.4	8.1%	\$3.6	-83.2%	\$4.8	32.8%	\$5.0	5.0%	\$5.2	3.5%	\$5.4	3.8%	\$5.6	3.7%	\$5.8	3.6%	\$6.0	3.4%
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$67.7	3.1%	\$68.8	1.6%	\$70.4	2.3%	\$72.1	2.4%	\$73.9	2.5%
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-4.6%	\$2.3	-4.2%	\$2.2	-4.3%	\$2.1	-4.5%	\$2.0	-4.8%
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.2	2.3%	\$7.4	2.8%	\$7.5	1.4%	\$7.6	1.3%	\$7.7	1.3%
Estate ³	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$23.4	54.1%	\$14.0	-40.1%	\$24.8	77.2%	\$27.1	9.3%	\$29.2	7.7%	\$31.4	7.5%	\$33.7	7.3%
Property	\$12.4	-1.5%	\$12.5	0.9%	\$12.9	3.0%	\$23.1	79.6%	\$24.3	5.3%	\$21.6	-11.2%	\$19.4	-10.2%	\$18.1	-6.7%	\$19.6	8.4%	\$20.4	4.0%
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$16.0	-5.5%	\$15.3	-4.4%	\$14.7	-3.9%	\$14.5	-1.4%	\$14.3	-1.4%
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$4.1	NM	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$19.7	NM
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.2	-4.2%	\$1.0	-16.7%	\$1.1	10.0%	\$1.2	9.1%	\$1.3	8.3%
Total Tax Revenue	\$1499.5	7.4%	\$1276.4	-14.9%	\$1302.3	2.0%	\$1438.1	10.4%	\$1777.4	23.6%	\$1691.9	-4.8%	\$1599.0	-5.5%	\$1673.2	4.6%	\$1755.6	4.9%	\$1850.4	5.4%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$1.3	4.4%	\$1.3	2.3%	\$1.4	2.3%	\$1.4	2.2%	\$1.4	2.2%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$45.2	7.1%	\$44.8	-0.9%	\$44.5	-0.7%	\$44.3	-0.4%	\$44.2	-0.2%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$2.7	-3.9%	\$2.7	-1.9%	\$2.6	-1.9%	\$2.6	-1.9%	\$2.5	-2.0%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$3.6	7.6%	\$3.8	5.6%	\$4.0	5.3%	\$4.2	5.0%	\$4.4	4.8%
Interest	\$2.3	96.1%	\$4.3	87.8%	\$3.3	-24.5%	\$0.8	-75.5%	\$2.3	187.4%	\$3.7	61.2%	\$4.2	13.5%	\$3.9	-7.1%	\$3.8	-2.6%	\$3.8	0.0%
All Other ⁴	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$0.7	-27.3%	\$0.8	14.3%	\$0.9	12.5%	\$1.0	11.1%	\$1.1	10.0%
Total Other Revenue	\$59.4	-3.0%	\$63.7	7.4%	\$57.2	-10.3%	\$51.5	-9.9%	\$52.9	2.6%	\$57.2	8.2%	\$57.6	0.7%	\$57.3	-0.6%	\$57.2	0.0%	\$57.4	0.3%
Healthcare Revenue⁵	\$0.0	NM	\$272.3	NM	\$280.9	3.1%	\$278.1	-1.0%	\$299.3	7.6%	\$312.0	4.2%	\$321.7	3.1%	\$325.0	1.0%	\$328.4	1.0%	\$331.9	1.1%
TOTAL GENERAL FUND	\$1558.9	7.0%	\$1612.5	3.4%	\$1640.4	1.7%	\$1767.7	7.8%	\$2129.5	20.5%	\$2061.0	-3.2%	\$1978.3	-4.0%	\$2055.5	3.9%	\$2141.2	4.2%	\$2239.7	4.6%

1) Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

3) Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

4) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

5) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

**TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022**

SOURCE HEALTHCARE¹

revenues are prior to all allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.0	-1.9%	\$74.9	-1.4%	\$73.7	-1.6%	\$72.4	-1.7%	\$71.1	-1.8%	\$69.8	-1.9%
Claims Assessment	\$19.8	12.1%	\$19.6	-1.3%	\$20.7	5.7%	\$19.7	-4.7%	\$21.7	10.3%	\$22.5	3.5%	\$23.0	2.0%	\$23.4	2.0%	\$23.9	2.0%	\$24.4	2.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$17.9	-11.4%	\$21.9	22.2%	\$23.0	5.0%	\$24.7	7.5%	\$25.2	2.0%	\$25.7	2.0%	\$26.2	2.0%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$161.5	12.4%	\$173.8	7.6%	\$182.5	5.0%	\$186.1	2.0%	\$189.8	2.0%	\$193.6	2.0%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.8	-0.3%	\$5.9	1.0%	\$6.0	2.6%	\$6.1	1.0%	\$6.1	1.0%	\$6.2	1.0%
All Other HC Revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.8	0.9%	\$1.8	-3.0%	\$1.8	0.6%	\$1.8	0.0%	\$1.9	2.8%	\$1.9	2.7%
TOTAL HEALTHCARE	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$303.5	8.0%	\$316.5	4.3%	\$326.3	3.1%	\$329.7	1.0%	\$333.2	1.1%	\$336.7	1.1%

**TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.0	-1.9%	\$74.9	-1.4%	\$73.7	-1.6%	\$72.4	-1.7%	\$71.1	-1.8%	\$69.8	-1.9%
Claims Assessment	\$15.9	13.2%	\$15.6	-1.7%	\$16.9	7.8%	\$16.4	-3.0%	\$17.6	7.3%	\$18.0	2.4%	\$18.4	2.0%	\$18.7	2.0%	\$19.1	2.0%	\$19.5	2.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$18.4	-9.2%	\$21.9	19.2%	\$23.0	5.0%	\$24.7	7.5%	\$25.2	2.0%	\$25.7	2.0%	\$26.2	2.0%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$161.5	12.4%	\$173.8	7.6%	\$182.5	5.0%	\$186.1	2.0%	\$189.8	2.0%	\$193.6	2.0%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.8	-0.3%	\$5.9	1.0%	\$6.0	2.6%	\$6.1	1.0%	\$6.1	1.0%	\$6.2	1.0%
All Other HC Revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.8	0.9%	\$1.8	-3.0%	\$1.8	0.6%	\$1.8	0.0%	\$1.9	2.8%	\$1.9	2.7%
TOTAL HEALTHCARE	\$271.7	-0.5%	\$272.3	0.2%	\$280.9	3.1%	\$278.1	-1.0%	\$299.3	7.6%	\$312.0	4.2%	\$321.7	3.1%	\$325.0	1.0%	\$328.4	1.0%	\$331.9	1.1%

1) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

SOURCE T-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$71.9	6.9%	\$78.2	8.8%	\$76.0	-2.8%	\$76.1	0.1%	\$76.2	0.1%	\$76.9	0.9%
Diesel****	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.3	2.0%	\$18.8	2.7%	\$18.9	0.5%	\$19.1	1.1%	\$19.4	1.6%	\$19.6	1.0%
Purchase and Use*	\$109.4	6.0%	\$111.8	2.2%	\$105.4	-5.7%	\$134.1	27.2%	\$137.1	2.3%	\$141.3	3.1%	\$144.3	2.1%	\$148.5	2.9%	\$153.1	3.1%	\$158.0	3.2%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$86.0	-1.9%	\$87.8	2.1%	\$88.6	0.9%	\$89.9	1.5%	\$90.9	1.1%	\$92.1	1.3%
Other Revenue**	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$20.3	-1.1%	\$21.1	3.9%	\$21.7	2.8%	\$22.2	2.3%	\$22.8	2.7%	\$23.5	3.1%
TOTAL TRANS. FUND	\$315.4	3.1%	\$318.2	0.9%	\$299.2	-6.0%	\$327.4	9.4%	\$333.5	1.9%	\$347.2	4.1%	\$349.5	0.7%	\$355.8	1.8%	\$362.4	1.9%	\$370.1	2.1%

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$71.9	6.9%	\$78.2	8.8%	\$76.0	-2.8%	\$76.1	0.1%	\$76.2	0.1%	\$76.9	0.9%
Diesel	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.3	2.0%	\$18.8	2.7%	\$18.9	0.5%	\$19.1	1.1%	\$19.4	1.6%	\$19.6	1.0%
Purchase and Use ¹	\$73.0	6.0%	\$74.5	2.2%	\$70.3	-5.7%	\$89.4	27.2%	\$91.4	2.3%	\$94.2	3.1%	\$96.2	2.1%	\$99.0	2.9%	\$102.1	3.1%	\$105.3	3.2%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$86.0	-1.9%	\$87.8	2.1%	\$88.6	0.9%	\$89.9	1.5%	\$90.9	1.1%	\$92.1	1.3%
Other Revenue ²	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$20.3	-1.1%	\$21.1	3.9%	\$21.7	2.8%	\$22.2	2.3%	\$22.8	2.7%	\$23.5	3.1%
TOTAL TRANS. FUND	\$279.0	2.8%	\$280.9	0.7%	\$264.1	-6.0%	\$282.7	7.0%	\$287.8	1.8%	\$300.1	4.3%	\$301.4	0.4%	\$306.3	1.6%	\$311.4	1.7%	\$317.4	1.9%

OTHER (TIB³)

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
TIB Gasoline	\$12.9	2.2%	\$14.6	13.1%	\$12.7	-12.8%	\$10.2	-19.5%	\$15.1	48.2%	\$21.60	42.7%	\$19.70	-8.8%	\$20.40	3.6%	\$20.80	2.0%	\$21.40	2.9%
TIB Diesel and Other ⁴	\$2.0	16.1%	\$2.1	3.7%	\$2.0	-2.5%	\$1.9	-4.5%	\$1.9	1.7%	\$2.03	4.3%	\$2.04	0.5%	\$2.07	1.5%	\$2.10	1.4%	\$2.12	1.0%
TOTAL OTHER (TIB)	\$14.9	2.4%	\$16.6	11.9%	\$14.7	-11.6%	\$12.1	-17.5%	\$17.1	40.8%	\$23.6	38.3%	\$21.7	-8.0%	\$22.5	3.4%	\$22.9	1.9%	\$23.5	2.7%

1) As of FY04, includes Motor Vehicle Rental tax revenue.

2) Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

3) Transportation Infrastructure Bond revenues

4) Includes TIB Fund interest income (which has never exceeded \$85,000 per year); Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND¹ REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

Source General and Transportation
Fund taxes allocated to or associated
with the Education Fund only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
GENERAL FUND																				
Meals and Rooms	\$0.0	NM	\$45.5	NM	\$40.9	-10.1%	\$36.0	-12.1%	\$54.2	50.8%	\$57.1	5.4%	\$58.3	2.1%	\$59.9	2.7%	\$62.0	3.4%	\$64.3	3.7%
Sales & Use ²	\$139.2	5.6%	\$412.5	196.3%	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$563.2	3.3%	\$567.6	0.8%	\$584.8	3.0%	\$603.8	3.2%	\$622.6	3.1%
Interest	\$0.5	30.3%	\$0.7	38.1%	\$0.8	23.9%	\$0.1	-87.1%	\$0.29	169.1%	\$0.46	58.7%	\$0.50	8.7%	\$0.49	-2.0%	\$0.48	-2.0%	\$0.48	0.0%
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$31.8	3.3%	\$32.7	2.8%	\$33.7	3.1%	\$34.8	3.3%	\$35.9	3.2%
TRANSPORTATION FUND																				
Purchase and Use ³	\$36.5	6.0%	\$37.3	2.2%	\$35.1	-5.7%	\$44.7	27.2%	\$45.7	2.3%	\$47.1	3.1%	\$48.1	2.1%	\$49.5	2.9%	\$51.0	3.1%	\$52.7	3.2%
TOTAL EDUCATION FUND	\$203.3	5.8%	\$525.4	158.4%	\$536.2	2.0%	\$620.9	15.8%	\$676.2	8.9%	\$699.7	3.5%	\$707.2	1.1%	\$728.4	3.0%	\$752.1	3.2%	\$775.9	3.2%

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

2) Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;

Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23

3) Includes Motor Vehicle Rental revenues, restated